OUTPERFORM
TRANSFORM
REBALANCE

ANNUAL REPORT 2019

ALLIANZ GROUP

Allianz

▸To go directly to any chapter, simply click on the headline or the page number.

▸All references to chapters, pages, notes, internet pages, etc. within this report are also linked.

CONTENT

Disclaimer regarding roundings
The Consolidated Financial Statements are presented in millions of Euros (€ mn) unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

TO OUR INVESTORS

A

OLIVER BÄTE
Chairman of the
Board of Management

While the world around us remains turbulent, we keep building on our strengths. In 2019 we have grown to new record levels: Our revenues reached € 142.4 bn, our operating profit € 11.9 bn. Our healthy business mix and global diversification allowed us to outperform yet another year despite challenges in the performance of our industrial insurance segment.

There are many sources to our success. We achieved growth by gaining market share in mature but relatively saturated markets and through strategic expansion in selected regions. In Germany, for example, we grew by 15 % – the rest of the market by 4 %. Not only is our German life insurance business continuing its success story; also, our Property-Casualty segment can grow its customer base after several years of stagnation. At the same time, we are strengthening our presence in growing markets such as Brazil and China; e.g., through our partnership with JD.com. Our Asset Management segment reached € 1,686 bn in third-party assets under management, a level unprecedented in our history – another strong indicator of how much trust clients worldwide extend to us. We are with them for the long run, celebrating our 130th anniversary in 2020. Our sustained and sustainable business success allows us to gratify you, our shareholders: As we achieved a net income attributable to shareholders of € 7.9 bn, we are in the position to propose another increase in dividends to € 9.60 per share – the seventh increase in a row.

Our financial performance is strong, and so is our organizational health: Our people and leaders are bringing to life our strategy "Simplicity Wins." We are creating an environment that is open to and promoting constant change – an essential success factor in highly volatile times like these. The new spirit can be felt throughout the organization, and it is expressed in our Inclusive Meritocracy Index, which measures leadership and performance culture, reaching an all-time high of 73 %. Still, we want to do more to mobilize in particular our frontline employees. They are the face to our customers. Their outstanding commitment is one of the reasons in a comprehensive set of initiatives, which helped us to manage the growth of number of businesses, where Allianz is loyalty leader when customers are asked about their willingness to recommend us to their family and friends. Nevertheless, we must become even better in customer service excellence. Our focus on productivity can never be an excuse to compromise on customer experience.

It takes a strong base to remain confident even in uncertain times. We have therefore written down our company purpose and, over the past two years, established it throughout our global organization units. Employees worldwide have worked to put into words what inspires everyone at Allianz to dedicate their best efforts to our customers day by day:

WE SECURE YOUR FUTURE

Apart from the innumerable everyday activities through which Allianz employees fill our company purpose with life, there were some achievements this past year that we are particularly proud of:

- We made a series of acquisitions to strategically rebalance our portfolio. To name just a few: In Brazil, we are expanding our presence to become one of the country's top insurers in Property-Casualty insurance. In the UK, we effected two transactions that made us the second largest general insurer in the market. Our asset manager PIMCO completed its acquisition of Gurtin Municipal Bond Management to offer clients a more extensive and enhanced suite of strategies and services.
- We continued our productivity improvement and managed to further reduce our expense ratio in the Property-Casualty business – true to our promise of 2018 to focus on what adds value for customers. As an acknowledgement for this achievement, we are rewarding our employees with a free Allianz share in 2020 – true to our promise to them, that they should benefit from our efforts.
- For the first time, Allianz was ranked the number one insurance brand in the Interbrand Best Global Brands Ranking. In the Top 100 of global brands, we moved up six places to number 43.
- As part of our continued efforts to safeguard a sustainable future, Allianz initiated the UN-convened Net-Zero Asset Owner Alliance – a group of the world's largest pension funds and insurers which have committed to reduce the carbon emissions from their investment portfolios to net-zero by 2050. Along the same lines, we also co-chair the Global Investors for Sustainable Development (GISD) initiative, which aims to scale up finance and investment in sustainable development. Through actions like these we gain leading positions in key sustainability rankings like the Dow Jones Sustainability Indices year after year.

These achievements are the best proof for the exceptional quality of our people. On behalf of my Board of Management colleagues – and, I assume, on your behalf as well – I want to express my sincere thanks to our employees and partners around the globe for their unfailing dedication and great work.

Like every year, 2019 also presented some challenges. Foremost among them was the low interest rate environment, with rates even turning negative in a growing number of instances. To continue delivering high value to our customers, we moved into alternative asset classes early on, reaching € 161 bn in assets under management by the end of 2019. As we carefully adjust our portfolio, we manage to keep our balance sheet strong even under unfavorable conditions such as these, continually confirmed by very good ratings.

Our resilience is fostered by our strategy "Simplicity Wins". We are making insurance and investing simpler for our clients. We are slimming down our products, our processes, and our IT. We are starting to get rid of old technologies and to prepare for a future-oriented digitization, which is not designed to fit with legacy systems but to accommodate future customer needs.

We look to the next year with utmost confidence – not because it is going to be an easy one (it certainly isn't) but because we are well prepared for what lies ahead.

Thank you for being at our side.

Sincerely yours,

Oliver Bäte

SUPERVISORY BOARD REPORT

Ladies and Gentlemen,

During the financial year 2019, the Supervisory Board fulfilled all its duties and obligations as laid out in the company statutes and applicable law. It monitored the activities of the company's Board of Management, dealt with the succession planning for the Board of Management and advised it on business management issues.

OVERVIEW

In the financial year 2019 the Supervisory Board held six meetings and adopted one written resolution. The regular meetings took place in February, March, May, June, September, and December.

In all of the meetings in 2019, the Board of Management reported on Group revenues and results as well as developments in individual business segments. The Board of Management informed the Supervisory Board on the course of business as well as on the development of Allianz SE and the Allianz Group, including deviations in actual business developments from the planning. In this context, the adequacy of capitalization, the solvency ratio, and the respective stress scenarios were discussed. The annual Allianz SE and the Group's consolidated financial statements including the respective auditor's reports, the half-yearly as well as the quarterly reports were reviewed in detail by the Supervisory Board after preparation by the Audit Committee.

Other focal points of reporting were strategic topics such as the new Allianz strategy "Simplicity Wins" with its three pillars "Outperform", "Transform" and "Rebalance", the risk strategy, the Allianz Customer Model (ACM), the launch of the European direct insurer Allianz Direct and the business strategy in China. In addition, the Supervisory Board was extensively involved in the Board of Management's planning for both the fiscal year 2020 and the three-year period from 2020 to 2022. Cyber risk security and developments of life business in the current low-interest environment were also regularly discussed. Implications of Brexit for Allianz and economic sanctions were other ongoing topics. Furthermore, the Supervisory Board dealt extensively with personnel matters relating to the Board of Management, the requirements of the new German Corporate Governance Code announced for 2020, and the Act Implementing the Second Shareholders' Rights Directive (ARUG II).

The Supervisory Board received regular, timely, and comprehensive reports from the Board of Management. The Board of Management's verbal reports at the meetings were accompanied by written documents, which were sent to each member of the Supervisory Board in time for the relevant meeting. The Board of Management also informed the Supervisory Board in writing about important events that occurred between meetings. The chairmen of the Supervisory and Management Boards also had regular discussions about major developments and decisions. The Chairman of the Supervisory Board also had individual discussions with each member of the Board of Management about their respective half-year as well as full-year performance. In the financial year 2019, again individual trainings and group events were held for example on actuarial and accounting aspects of the life insurance business, on the basis of an agreed development plan for further training of the members of the Supervisory Board.

Details on each member's participation in meetings of the Supervisory Board and its committees can be found in the Corporate Governance Report, starting on **page 12**. Members of the Supervisory Board who were unable to attend meetings of the Supervisory Board or its committees were excused and, as a rule, cast their votes in writing.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In the meeting of 14 February 2019, the Supervisory Board comprehensively dealt with the preliminary financial figures for the financial year 2018 as well as the Board of Management's dividend proposal. The appointed audit firm, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, reported in detail on the preliminary results of their audit. In the further course of the meeting, the Supervisory Board also discussed the target achievement of each individual member of the Board of Management and, on this basis, set their variable remuneration for the financial year 2018. As part of this performance assessment, the fitness and propriety of the members of the Board of Management were also confirmed. In addition, various special topics were discussed, such as the status of the implementation of the EU Data Protection Directive, the harmonization of the IT infrastructure in Allianz Group, the life insurance business in Asia, ongoing M&A activities, and the Board of

Management's deliberations on a potential new share buyback program. The Supervisory Board also dealt with succession planning for the Board of Management.

In the meeting of 7 March 2019, the Supervisory Board discussed the audited annual Allianz SE and consolidated financial statements including market value balance sheets, as well as the Board of Management's recommendation for the appropriation of earnings for the financial year 2018. The auditors confirmed that there were no discrepancies compared to their February report, and issued an unqualified auditor's report for the individual and consolidated financial statements. The Supervisory Board also reviewed and approved the separate non-financial report for both Allianz SE and the Group, taking into account the report of the external auditor. Further presentations concerned the Board of Management's report on risk development in 2018, the annual compliance report, and the annual report of the Head of Group Audit. Next, the Supervisory Board reviewed the agenda and proposals for resolution for Allianz SE's 2019 Annual General Meeting (AGM). At the recommendation of the Audit Committee, the Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as auditor for the 2019 individual and consolidated financial statements, the auditor's review of the 2019 half-yearly financial report, and the assurance engagement of the combined separate non-financial report. Furthermore, the Supervisory Board dealt with and approved the control and profit transfer agreement with Allsecur Deutschland AG. The Supervisory Board also received reports on Allianz's global strategy in the health insurance business and the new Allianz Digital Health unit.

On 8 May 2019, just before the AGM, the Board of Management briefed the Supervisory Board on business performance in the first quarter of 2019 as well as on the current situation of both the Allianz Group and Allianz SE, in particular with regard to share price development, capitalization, and capital management.

At the meeting on 27 June 2019, the Board of Management first reported in detail on the course of business in fiscal year 2019 to date and provided an outlook on the expected half-year results. In addition, the Board of Management reported on various M&A activities, such as the sale of the stake in the Spanish joint venture "Allianz Popular" and the acquisition of the property insurance business of Legal & General in the UK, and gave an overview of Allianz's role in ESG issues. The Board of Management then presented the new Allianz strategy "Simplicity Wins" with its three pillars "Outperform", "Transform" and "Rebalance", and set out an overview of the next steps required for growth and value creation. The Supervisory Board also dealt in detail with current market trends in China, in particular recent regulatory developments and the successful acquisition of a holding license as the first foreign insurance company to do so. The Board of Management also reported on the offer of IT solutions for external insurance companies. In addition, the Board of Management provided its regular status report on the issue of cyber risk security. Furthermore, the Supervisory Board dealt in detail with personnel matters relating to the Board of Management. Ms. Renate Wagner was appointed to the Board of Management with effect from 1 January 2020, to replace Dr. Helga Jung, who left the Board of Management at her own request at the end of 2019. Dr. Günther Thallinger's term on the Board of Management, likewise expiring at the end of 2019, was extended for five years.

The meeting on 27 September 2019 focused on the continuation of the presentation on the strategic direction of Allianz Group and Allianz SE (solo). In particular, the strategic direction and transformation issues for the "Transformation" pillar were discussed: the Allianz Customer Model (ACM), the European direct insurer Allianz Direct and the orientation of Allianz Partners. With regard to the "Rebalance" pillar, the Board of Management presented and subsequently discussed the China strategy in detail. The Board of Management report on the course of business covered the successful acquisition of Brazilian motor and property insurance operations from Sul América and the strategic realignment of Allianz in South America. In addition, the Supervisory Board dealt with corporate governance issues, the self-evaluation of the Supervisory Board required by supervisory law, and the Supervisory Board's development plan based on this. The Supervisory Board also decided to extend the Board of Management term of Ms. Jacqueline Hunt, expiring at the end of 2019, for three years.

At the meeting on 12 December 2019, the Board of Management first provided information about the third-quarter results, the further course of business, and the situation of Allianz Group. Furthermore, the Supervisory Board discussed the planning for fiscal year 2020 and the three-year plan for 2020 to 2022. With the risk strategy and the considerations on the strategic development of the Asset Management segment, the Board of Management presented the follow-up on outstanding issues regarding the new Allianz strategy. In addition, the Board of Management provided a status report on the issue of cyber risk security. The Supervisory Board also discussed the declaration of conformity with the German Corporate Governance Code and various corporate governance issues, and dealt with the requirements profile for the Supervisory Board and the Act Implementing the Second Shareholders' Rights Directive (ARUG II). Furthermore, the Supervisory Board set targets for the variable remuneration of members of the Board of Management for 2020 and debated succession planning with regard to the Board of Management. The members of the Supervisory Board discussed the introductions of the potential candidates with the Board of Management that took place on two evenings. Finally, the results of this year's efficiency review of the Supervisory Board's activities were discussed and appropriate measures for improvement were decided and subsequently implemented.

After previous discussion, a new version of the objectives for the composition of the Supervisory Board was adopted by written procedure in December 2019. This new version came into effect as of 1 January 2020 and takes into account the requirements of the new German Corporate Governance Code expected for 2020.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On 13 December 2019, the Board of Management and the Supervisory Board issued the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act ("Aktiengesetz"). The declaration was posted on the company website, where it is available to shareholders at all times. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code in its version of 7 February 2017.

Further explanations on corporate governance in the Allianz Group can be found in the Corporate Governance Report starting on **page 12**, as well as in the Statement on Corporate Management pursuant to § 315d and § 289f of the HGB, which starts on **page 18**. More details on corporate governance are provided on the Allianz website, specifically: **www.allianz.com/corporate-governance**.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently. The committees prepare the consultations in plenary sessions as well as the adoption of resolutions; they can also adopt their own resolutions.

The Standing Committee held four meetings in 2019. These were concerned primarily with corporate governance issues, the preparations for the Annual General Meeting, the Supervisory Board self-evaluation as required by supervisory law and associated development plan, and the efficiency review of the Supervisory Board. Collective and, if necessary, individual trainings are continuously carried out as part of the implementation of the development plan. In addition, the Standing Committee had to pass resolutions approving the granting of loans to senior executives.

The Personnel Committee held four meetings in 2019 and adopted two written resolutions. The Committee dealt in detail with the succession to the Board of Management for Dr. Helga Jung and the extensions to the terms of Ms. Jaqueline Hunt and Dr. Günther Thallinger. Other key topics included the preparatory review of the Board of Management's remuneration system, target achievement of the Board of Management members in the financial year 2018, and defining the targets for the 2020 variable remuneration. The committee also looked at various mandate matters of individual board members and at further succession planning for the Board of Management.

The Audit Committee held five regular meetings in 2019. In the presence of the auditors, the committee discussed both Allianz SE's annual financial statements and the Allianz Group's consolidated financial statements, as well as the management and auditor's reports and the half-yearly financial report. These reviews revealed no reasons for objection. The Audit Committee further received the Board of Management's reports on quarterly results. It prepared the engagement of the external advisor and defined key audit areas for the 2019 financial year. The committee also discussed the assignments of non-audit services to the auditors and approved an updated appropriate positive list of pre-authorized audit and non-audit services. In addition, it dealt extensively with the compliance system, the internal audit system, and the financial reporting process as well as the respective internal controls. Regular reports on legal and compliance issues in the Group and individual subsidiaries as well as on the work of the Internal Audit department were presented and discussed in detail. Furthermore the head of the actuarial department (Group Actuarial, Planning & Controlling) presented his annual report. In addition, the Audit Committee discussed the internal audit plan for 2020, current developments in data protection, and the forthcoming amendments to the IFRS 9 and 17 accounting standards.

The Risk Committee held two meetings in 2019. In both meetings, the committee discussed the current risk situation of the Allianz Group and Allianz SE with the Board of Management. The risk report and other risk-related statements in the annual Allianz SE and consolidated financial statements as well as management and group management reports were reviewed with the auditor and the Audit Committee was informed of the result. The appropriateness of the early risk recognition system at Allianz SE and Allianz Group and the result of further risk assessments by the auditor were also discussed. The committee took a detailed look at the risk strategy, including risk appetite and capital management, as well as the effectiveness of the risk management system for the Allianz Group and Allianz SE. Other matters considered included the report on Allianz's own risk and solvency assessment (ORSA), and the changes to the internal Solvency II model. Moreover, the Risk Committee dealt extensively with the company's exposure to cyber risks, activities to ensure information security and the specific risks of the cyber insurance industry. Besides political risks like the Brexit and the trade conflict between China and the United States, topics such as Reinsurance, industrial insurance and money laundering were dealt with.

The Technology Committee had two meetings in the fiscal year 2019 in which it dealt in detail with the main elements of the IT strategy. In the first meeting the committee got an overview of the IT strategy. Therefore, the realignment of the IT platform based on harmonization and standardization of processes and products as part of the transformation project Allianz Customer Model (ACM) was presented on the one hand. On the other hand the committee was informed about key central IT-projects and the ambitions for the year 2019. In the second meeting the technology committee dealt intensively with strategic IT transformation topics, such as the business master platform for the Allianz Customer Model (ACM) including a decommissioning strategy for old systems and the Allianz Direct platform. Apart from these new strategic initiatives like the strategic data use in Allianz Group, opportunities presented by the use of artificial intelligence as well as the cloud strategy for Allianz Group were discussed.

At one meeting in the fiscal year 2019, the Nomination Committee dealt in detail with the objectives for the composition of the Supervisory Board and prepared a revision of the objectives to bring them into line with the requirements of the new German Corporate Governance Code. In addition, the preparation process for the Supervisory Board elections at the Annual General Meeting 2022 was discussed and next steps were defined.

The Supervisory Board was informed regularly and comprehensively of the committees' work.

CHAIR AND COMMITTEES OF THE SUPERVISORY BOARD – AS OF 31 DECEMBER 2019

Chairman: Michael Diekmann

Vice Chairwoman/ Chairman: Gabriele Burkhardt-Berg, Jim Hagemann Snabe

Standing Committee: Michael Diekmann (Chairman), Jean-Claude Le Goaër, Herbert Hainer, Jürgen Lawrenz, Jim Hagemann Snabe

Personnel Committee: Michael Diekmann (Chairman), Gabriele Burkhardt-Berg, Herbert Hainer

Audit Committee: Dr. Friedrich Eichiner (Chairman), Sophie Boissard, Michael Diekmann, Jean-Claude Le Goaër, Martina Grundler

Risk Committee: Michael Diekmann (Chairman), Christine Bosse, Dr. Friedrich Eichiner, Godfrey Hayward, Frank Kirsch

Technology Committee: Jim Hagemann Snabe (Chairman), Gabriele Burkhardt-Berg, Michael Diekmann, Dr. Friedrich Eichiner, Jürgen Lawrenz

Nomination Committee: Michael Diekmann (Chairman), Christine Bosse, Jim Hagemann Snabe

AUDIT OF ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the special legal provisions applying to insurance companies, the statutory auditor and the auditor for the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE, not by the AGM. The Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as statutory auditor for the annual Allianz SE and consolidated financial statements, as well as for the review of the half-yearly financial report of the financial year 2019. PwC audited the financial statements of Allianz SE and the Allianz Group as well as the respective management reports. They issued an auditor's report without any reservations. The consolidated financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted in the European Union. PwC performed a review of the half-yearly financial report. In addition, PwC was also mandated to perform an audit of the market value balance sheet according to Solvency II as of 31 December 2019 for Allianz SE and the Allianz Group.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from PwC on schedule. The preliminary financial statements and PwC's preliminary audit results were discussed in the Audit Committee on 19 February 2020 as well as in the Supervisory Board's plenary session on 20 February 2020. The finalized financial statements and PwC's audit reports (dated 24 February 2020) were reviewed by the Audit Committee on 4 March 2020, and in the Supervisory Board plenary session on 5 March 2020. The auditors participated in the discussions and presented key results from their audit. Particular emphasis was placed on the key audit matters described in the auditor's report and on the audit procedures performed. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence. In addition, the market value balance sheets dated 31 December 2019 for both Allianz SE and the Allianz Group as well as the respective PwC reports were addressed by the Audit Committee and the Supervisory Board.

On the basis of its own reviews of the annual Allianz SE and consolidated financial statements, the management and group management reports, and the recommendation for the appropriation of earnings, the Supervisory Board has raised no objections and instead agreed with the results of the PwC audit. It has also approved the Allianz SE and consolidated financial statements prepared by the Board of Management. The financial statements have thus been formally adopted. The Supervisory Board agrees with the Board of Management's proposal on the appropriation of earnings.

The Supervisory Board would like to thank all Allianz Group employees for their great personal commitment over the past year.

ASSURANCE ENGAGEMENT OF THE COMBINED SEPARATE NON-FINANCIAL REPORT

In the financial year 2019, the company was required to issue a separate non-financial report. This report was combined for Allianz SE and the Allianz Group. The Supervisory Board commissioned PwC to perform an assurance engagement of this report. All Supervisory Board members received the combined separate non-financial report and the independent practitioner's assurance report in due time. The report and PwC's assurance report were discussed in the plenary session of the Supervisory Board on 5 March 2020. The auditors from PwC participated in these discussions and presented the results of their assurance engagement. Based on its own review of the combined separate non-financial report, the Supervisory Board did not raise any objections and approved by acknowledgement the results of the PwC assurance engagement.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

There were no changes in the composition of the Supervisory Board in fiscal year 2019.

As already mentioned, Dr. Helga Jung left the Board of Management of Allianz SE as of 31 December 2019. Ms. Renate Wagner was appointed as her successor with effect from 1 January 2020.

Munich, 5 March 2020

For the Supervisory Board:

Michael Diekmann
Chairman

MANDATES OF THE MEMBERS OF THE SUPERVISORY BOARD

MICHAEL DIEKMANN
Chairman
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
BASF SE
until 3 May 2019
Fresenius Management SE
Fresenius SE & Co. KGaA
Siemens AG

JIM HAGEMANN SNABE
Vice Chairman
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Siemens AG (Chairman)
Membership in comparable[1] supervisory bodies
A.P. Møller-Mærsk A/S (Chairman)

GABRIELE BURKHARDT-BERG
Vice Chairwoman
Chairwoman of the Group Works Council of Allianz SE

SOPHIE BOISSARD
Chairwoman of the Board of Management of Korian S.A.
Membership in other statutory supervisory boards and SE administrative boards in Germany
Curanum AG (Korian Group company, Chairwoman)
Membership in comparable[1] supervisory bodies
Segesta SpA (Korian Group company, Chairwoman)
Senior Living Group NV (Korian Group company)

CHRISTINE BOSSE
Member of various Supervisory Boards
Membership in comparable[1] supervisory bodies
P/F BankNordik (Chairwoman)

DR. FRIEDRICH EICHINER
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Festo AG (Chairman)
Infineon Technologies AG
since 20 February 2020
Membership in comparable[1] supervisory bodies
Festo Management AG (Chairman)

JEAN-CLAUDE LE GOAËR
Employee of Allianz Informatique G.I.E.
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.

MARTINA GRUNDLER
National Representative Insurances, ver.di Berlin

HERBERT HAINER
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Lufthansa AG
FC Bayern München AG (Chairman since 9 December 2019)
Membership in comparable[1] supervisory bodies
Accenture Plc

GODFREY ROBERT HAYWARD
Employee of Allianz Insurance plc

FRANK KIRSCH
Employee of Allianz Beratungs- und Vertriebs-AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG
until 31 December 2019

JÜRGEN LAWRENZ
Employee of Allianz Technology SE
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Technology SE

1_Generally, we regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

MANDATES OF THE MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER BÄTE

Chairman of the Board of Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG

SERGIO BALBINOT

Insurance Western & Southern Europe, Asia Pacific
Membership in comparable[1] supervisory bodies
UniCredit S.p.A.
Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Membership in Group bodies
Allianz China Insurance Holding Company Ltd. (Chairman)
since 28 November 2019
Allianz France S.A.
Allianz Sigorta A.S.
Allianz Yasam ve Emeklilik A.S.

JACQUELINE HUNT

Asset Management, US Life Insurance
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairwoman)

DR. HELGA JUNG

until 31 December 2019
Human Resources, Legal, Compliance, Mergers & Acquisitions
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Telekom AG
Membership in Group bodies
Allianz Beratungs- und Vertriebs-AG
Allianz Deutschland AG
Allianz Global Corporate & Specialty SE
Allianz Private Krankenversicherungs-AG
Allianz Versicherungs-AG
since 14 November 2019
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A.
Companhia de Seguros Allianz Portugal S.A.

DR. CHRISTOF MASCHER

Operations, Allianz Services
Membership in other statutory supervisory boards and SE administrative boards in Germany
Volkswagen Autoversicherung AG
Membership in Group bodies
Allianz Technology SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Partners S.A.S.

NIRAN PEIRIS

Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Australia Ltd.
until 31 July 2019
Allianz p.l.c.

IVÁN DE LA SOTA

Business Transformation, Insurance Iberia & Latin America, Allianz Partners
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A., Spain
Allianz Partners S.A.S.
Allianz Seguros S.A., Brazil (Chairman)
Companhia de Seguros Allianz Portugal S.A.

GIULIO TERZARIOL

Finance, Controlling, Risk

DR. GÜNTHER THALLINGER

Investment Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Investment Management SE (Chairman)
Allianz Lebensversicherungs-AG
Allianz Private Krankenversicherungs-AG
Allianz Versicherungs-AG

DR. AXEL THEIS

Insurance German Speaking Countries and Central & Eastern Europe
Membership in other statutory supervisory boards and SE administrative boards in Germany
Gemeinnützige ProCurand GmbH (Chairman)
Membership in Group bodies
Allianz Deutschland AG (Chairman)
Allianz Investment Management SE
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG
Allianz Suisse Lebensversicherungs-Gesellschaft AG
Allianz Suisse Versicherungs-Gesellschaft AG

RENATE WAGNER

since 1 January 2020
Human Resources, Legal, Compliance, Mergers & Acquisitions
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Investors GmbH

1_Generally, we regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE REPORT

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE therefore attach great importance to complying with the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code"). The Declaration of Conformity with the recommendations of the Code, as issued by the Board of Management and the Supervisory Board on 13 December 2019, and the company's position regarding the Code's suggestions can be found in the Statement on Corporate Management pursuant to §315d and §289f of the HGB starting on page 18.

Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act ("SE-Ausführungsgesetz") in addition to the German SE Employee Involvement Act ("SE-Beteiligungsgesetz"). Notwithstanding, the main features of a German stock corporation – in particular the two-tier board system (Board of Management and Supervisory Board) and the principle of equal employee representation on the Supervisory Board – have been maintained by Allianz SE.

Function of the Board of Management

The Board of Management of Allianz SE has ten members. It is responsible for setting business objectives and the strategic direction, for coordinating and supervising the operating entities, and for implementing and overseeing an efficient risk management system. The Board of Management also prepares the annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, the market value balance sheet, and the interim report.

The members of the Board of Management are jointly responsible for management and for complying with legal requirements. Notwithstanding this overall responsibility, the individual members head the departments they have been assigned independently. There are divisional responsibilities for business segments as well as functional responsibilities. The latter include the Finance, Risk Management and Controlling Functions, Investments, Operations and Allianz Services, Human Resources, Legal, Compliance, Internal Audit, and Mergers & Acquisitions. Business division responsibilities focus on geographical regions or Global Lines. Rules of procedure specify in more detail the structure and departmental responsibilities of the Board of Management.

Board of Management meetings are led by the Chairman. Each member of the Board may request a meeting, providing notification of the proposed subject. The Board makes decisions by a simple majority of participating members. In the event of a tie, the Chairman casts the deciding vote. The Chairman can also veto decisions, but he cannot impose any decisions against the majority vote.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2019, the following Board of Management committees were in place:

Board Committees

Board committees	Responsibilities
GROUP FINANCE AND RISK COMMITTEE Giulio Terzariol (Chairman), Niran Peiris, Dr. Günther Thallinger, Dr. Axel Theis.	Preparation of the capital and liquidity planning for the Group and Allianz SE, implementing and overseeing the principles of group-wide capital and liquidity planning, as well as investment strategy and preparing risk strategy. This includes, in particular, significant individual investments and guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a group-wide risk management and monitoring system including dynamic stress tests.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Niran Peiris, Giulio Terzariol, Dr. Günther Thallinger, Dr. Axel Theis.	Developing, proposing, implementing and monitoring a group-wide IT strategy, approving external IT contracts and business-related IT contracts with strategic and group relevance.
GROUP MERGERS AND ACQUISITIONS COMMITTEE Dr. Helga Jung (Chairwoman), Oliver Bäte, Niran Peiris, Giulio Terzariol.	Managing and overseeing Group M&A-transactions, including approval of individual transactions within certain thresholds.

As of 31 December 2019

In addition to Board committees, there are also Group committees. They are responsible for preparing decisions for the Board of Management of Allianz SE, submitting proposals for resolutions, and ensuring a smooth flow of information within the Group.

In the financial year 2019, the following Group committees were in place:

Group committees

Group committees	Responsibilities
GROUP COMPENSATION COMMITTEE Board members of Allianz SE and executives below Allianz SE Board level.	Designing, monitoring, and improving group-wide compensation systems in line with regulatory requirements and submitting an annual report on the monitoring results, along with proposals for improvement.
GROUP INVESTMENT COMMITTEE Board members of Allianz SE and Allianz Group executives.	Implementing the Group investment strategy, including monitoring group-wide investment activities as well as approving investment-related frameworks and guidelines and individual investments within certain thresholds.

As of 31 December 2019

The Allianz Group runs its operating entities and business segments via an integrated management and control process. First, the Holding and the operating entities define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for the performance-based remuneration of the members of the Board of Management. For details, see the Remuneration Report starting on page 23.

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the company's financial position and earnings, planning and achievement of objectives, business strategy, and risk exposure. Details on the Board of Management's reporting to the Supervisory Board are laid down in the information rules issued by the Supervisory Board.

Important decisions of the Board of Management require approval by the Supervisory Board. These requirements are stipulated by law, by the Statutes, or in individual cases by decisions of the Annual General Meeting (AGM). Supervisory Board approval is required, for example, for certain capital transactions, intercompany agreements, and the launch of new business segments or the closure of existing ones. Approval is also required for acquisitions of companies and holdings in companies, as well as for divestments of Group companies that exceed certain threshold levels. The Agreement concerning the Participation of Employees in Allianz SE, in the version dated 3 July 2014 (hereinafter "SE Agreement"), requires the approval of the Supervisory Board for the appointment of the member of the Board of Management responsible for employment and social welfare.

Principles and function of the Supervisory Board

The German Co-Determination Act ("Mitbestimmungsgesetz") does not apply to Allianz SE because it has the legal form of a European Company (SE). Instead, the size and composition of the Supervisory Board is determined by general European SE regulations. These regulations are implemented in the Statutes and via the SE Agreement.

The Supervisory Board comprises twelve members, including six shareholder representatives appointed by the AGM. The six employee representatives are appointed by the SE works council. The specific procedure for their appointment is laid down in the SE Agreement. This agreement stipulates that the six employee representatives must be allocated in proportion to the number of Allianz employees in the different countries. The Supervisory Board currently in office includes four employee representatives from Germany and one each from France and the United Kingdom. According to § 17 (2) of the German SE Implementation Act ("SE-Ausführungsgesetz"), the Supervisory Board of Allianz SE shall be composed of at least 30 % women and at least 30 % men.

The Supervisory Board oversees and advises the Board of Management on managing the business. It is also responsible for appointing the members of the Board of Management, determining their overall remuneration, succession planning for the Board of Management, and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2019 financial year are described in the Supervisory Board Report starting on page 4.

The Supervisory Board makes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management, as stipulated in the German Co-Determination Act, and the requirement to have a Conciliation Committee do not apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who at Allianz SE must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the vice chairperson from the shareholder side. A second vice chairperson is elected at the employee representatives' proposal.

The Supervisory Board regularly reviews the efficiency of its activities. The Supervisory Board discusses recommendations for improvements and adopts appropriate measures on the basis of recommendations from the Standing Committee. This self-assessment also includes an evaluation of the fitness and propriety of the individual members.

SUPERVISORY BOARD COMMITTEES

Part of the Supervisory Board's work is carried out by its committees. The Supervisory Board receives regular reports on the activities of its committees. The composition of committees and the tasks assigned to them are regulated by the Supervisory Board's Rules of Procedure.

Supervisory Board committees

Supervisory Board committees	Responsibilities
STANDING COMMITTEE 5 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Herbert Hainer, Jim Hagemann Snabe) – Two employee representatives (Jürgen Lawrenz, Jean-Claude Le Goaër)	– Approval of certain transactions which require the approval of the Supervisory Board, e.g. capital measures, acquisitions, and disposals of participations – Preparation of the Declaration of Conformity pursuant to § 161 "Aktiengesetz" (German Stock Corporation Act) and checks on corporate governance – Preparation of the efficiency review of the Supervisory Board
AUDIT COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Dr. Friedrich Eichiner) – Three shareholder representatives (in addition to Dr. Friedrich Eichiner: Sophie Boissard, Michael Diekmann) – Two employee representatives (Jean-Claude Le Goaër, Martina Grundler)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (incl. Risk Report) and the dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements – Monitoring of the financial reporting process, the effectiveness of the internal control and audit system and legal and compliance issues – Monitoring of the audit procedures, including the independence of the auditor and the services additionally rendered, awarding of the audit contract and determining the focal points of the audit
RISK COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Michael Diekmann) – Three shareholder representatives (in addition to Michael Diekmann: Christine Bosse, Dr. Friedrich Eichiner) – Two employee representatives (Godfrey Hayward, Frank Kirsch)	– Monitoring of the general risk situation and special risk developments in the Allianz Group – Monitoring of the effectiveness of the risk management system – Initial review of the Risk Report and other risk-related statements in the annual financial statements and management reports of Allianz SE and the Allianz Group, informing the Audit Committee of the results of such reviews
PERSONNEL COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – One further shareholder representative (Herbert Hainer) – One employee representative (Gabriele Burkhardt-Berg)	– Preparation of the appointment of Board of Management members – Preparation of plenary session resolutions on the compensation system and the overall compensation of Board of Management members – Conclusion, amendment, and termination of service contracts of Board of Management members unless reserved for the plenary session – Long-term succession planning for the Board of Management – Approval of the assumption of other mandates by Board of Management members
NOMINATION COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Christine Bosse, Jim Hagemann Snabe)	– Setting of concrete objectives for the composition of the Supervisory Board – Establishment of selection criteria for shareholder representatives on the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board – Selection of suitable candidates for election to the Supervisory Board as shareholder representatives
TECHNOLOGY COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Jim Hagemann Snabe) – Three shareholder representatives (in addition to Jim Hagemann Snabe: Michael Diekmann, Dr. Friedrich Eichiner) – Two employee representatives (Gabriele Burkhardt-Berg, Jürgen Lawrenz)	– Regular exchange regarding technological developments – In-depth monitoring of the Board of Management's technology and innovation strategy – Support of the Supervisory Board in monitoring the implementation of the Board of Management's technology and innovation strategy

As of 31 December 2019

PUBLICATION OF DETAILS OF MEMBERS' PARTICIPATION IN MEETINGS

The Supervisory Board considers it good corporate governance to publish the details of individual members' participation in plenary sessions and committee meetings:

Publication of details of members' participation in meetings

	Presence	%
PLENARY SESSIONS OF THE SUPERVISORY BOARD		
Michael Diekmann (Chairman)	6/6	100
Gabriele Burkhardt-Berg (Vice Chairwoman)	6/6	100
Jim Hagemann Snabe (Vice Chairman)	6/6	100
Sophie Boissard	6/6	100
Christine Bosse	6/6	100
Dr. Friedrich Eichiner	6/6	100
Jean-Claude Le Goaër	6/6	100
Martina Grundler	5/6	83.3
Herbert Hainer	6/6	100
Godfrey Hayward	6/6	100
Frank Kirsch	6/6	100
Jürgen Lawrenz	6/6	100
STANDING COMMITTEE		
Michael Diekmann (Chairman)	4/4	100
Jean-Claude Le Goaër	4/4	100
Herbert Hainer	4/4	100
Jürgen Lawrenz	4/4	100
Jim Hagemann Snabe	4/4	100
PERSONNEL COMMITTEE		
Michael Diekmann (Chairman)	4/4	100
Gabriele Burkhardt-Berg	4/4	100
Herbert Hainer	4/4	100
AUDIT COMMITTEE		
Dr. Friedrich Eichiner (Chairman)	5/5	100
Sophie Boissard	5/5	100
Michael Diekmann	5/5	100
Jean-Claude Le Goaër	5/5	100
Martina Grundler	5/5	100
RISK COMMITTEE		
Michael Diekmann (Chairman)	2/2	100
Christine Bosse	2/2	100
Dr. Friedrich Eichiner	2/2	100
Godfrey Hayward	2/2	100
Frank Kirsch	2/2	100
TECHNOLOGY COMMITTEE		
Jim Hagemann Snabe (Chairman)	2/2	100
Gabriele Burkhardt-Berg	2/2	100
Michael Diekmann	2/2	100
Dr. Friedrich Eichiner	2/2	100
Jürgen Lawrenz	2/2	100
NOMINATION COMMITTEE		
Michael Diekmann (Chairman)	1/1	100
Christine Bosse	1/1	100
Jim Hagemann Snabe	1/1	100

OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

The objectives for the composition of the Supervisory Board in the version of August 2017, as specified to implement a recommendation by the Code, are set out below. In light of the new German Corporate Governance Code expected in 2020, the Supervisory Board already in December 2019 amended the objectives for its composition, effective 1 January 2020, to reflect the specifications of the new Code. The amendment in particular relates to the skills and expertise of the Supervisory Board and the reduction of the term of membership from 15 to 12 years. In addition to the skills profile for the overall Supervisory Board, also to be established due to a new recommendation of the Code, the diversity concept in accordance with the legislation on the implementation of the European guideline as regards the disclosure of non-financial and diversity information (CSR Directive) is also included:

Objectives of Allianz SE's Supervisory Board regarding its composition[1]

"The aim of Allianz SE's Supervisory Board is to have members who are equipped with the necessary skills and competence to properly supervise and advise Allianz SE's management. Supervisory Board candidates should possess the professional expertise and experience, integrity, motivation and commitment, independence, and personality required to successfully carry out the responsibilities of a Supervisory Board member in a financial services institution with international operations.

These objectives take into account the regulatory requirements for the composition of the Supervisory Board as well as the relevant recommendations of the German Corporate Governance Code ("GCGC"). In addition to the requirements for each individual member, a profile of skills and expertise ("Kompetenzprofil") as well as a diversity concept are provided for the entire Supervisory Board.

Employee representation within Allianz SE, according to the Agreement concerning the Participation of Employees in Allianz SE, contributes to the diversity of work experience and cultural background. Pursuant to the provisions of the German SE Participation Act (SEBG), the number of women and men appointed as German employee representatives should be proportional to the number of women and men working in the German companies. However, the Supervisory Board does not have the right to select the employee representatives.

The following requirements and objectives apply to the composition of Allianz SE's Supervisory Board:

I. Requirements relating to the individual members of the Supervisory Board

1. Propriety

The members of the Supervisory Board must be proper as defined by the regulatory provisions. A person is assumed to be proper as long as no facts are to be known which may cause impropriety. Therefore, no personal circumstances shall exist which – according to general experience – lead to the assumption that the diligent and orderly exercise of the mandate may be affected (in particular administrative offenses or violation of criminal law, esp. in connection with commercial activity).

2. Fitness

The members of the Supervisory Board must have the expertise and experience necessary for a diligent and autonomous exercise of the Allianz SE Supervisory Board mandate, in particular for exercising control of and giving advice to the Board of Management as well as for the active support of the development of the company. This comprises in particular:

- adequate expertise in all business areas;
- adequate expertise in the insurance and finance sector or comparable relevant experience and expertise in other sectors;
- adequate expertise in the regulatory provisions material for Allianz SE (supervisory law, including Solvency II regulation, corporate and capital markets law, corporate governance);
- ability to assess the business risks;
- knowledge of accounting and risk management basics.

3. Independence

The GCGC defines a person as independent who, in particular, does not have any business or personal relations with Allianz SE or its executive bodies, a controlling shareholder, or an enterprise associated with the latter, which may cause a substantial and not merely temporary conflict of interest.

To further specify the definition of independence, the Supervisory Board of Allianz SE states the following:

- Former members of the Allianz SE Board of Management shall not be deemed independent during the mandatory corporate law cooling-off period.
- Members of the Supervisory Board of Allianz SE in office for more than 15 years (since 1.1.2020: 12 years) shall not be deemed independent.
- Regarding employee representatives, the mere fact of employee representation and the existence of a working relationship with the company shall not in itself affect the independence of the employee representatives.

Applying such definition, at least eight members of the Supervisory Board shall be independent. In case shareholder representatives and employee representatives are viewed separately, at least four of each should be independent.

It has to be considered that the possible emergence of conflicts of interests in individual cases cannot generally be excluded. Potential conflicts of interest must be disclosed to the Chairman of the Supervisory Board and will be resolved by appropriate measures.

4. Time of availability

Each member of the Supervisory Board must ensure that they have sufficient time to dedicate to the proper fulfilment of the mandate of this Supervisory Board position.

In addition to the mandatory mandate limitations and the GCGC recommendation for active Management Board members of listed companies (max. three mandates – since 1.1.2020: two mandates), the common capital markets requirements shall be considered.

With respect to the Allianz SE mandate, the members shall ensure that

- they can attend at least four, usually six ordinary Supervisory Board meetings per year, each of which requires adequate preparation;
- they have sufficient time for the audit of the annual and consolidated financial statements;
- they can attend the General Meeting;
- depending on possible membership in one or more of the current six Supervisory Board special committees, this involves extra time planning to participate in these Committee meetings and do the necessary preparation for these meetings; this applies in particular for the Audit and risk Committees;
- they can attend extraordinary meetings of the Supervisory Board or of a special committee to deal with special matters as and when required.

5. Retirement age

The members of the Supervisory Board shall, as a rule, not be older than 70 years of age.

6. Term of membership

The continuous period of membership for any member of the Supervisory Board should, as a rule, not exceed 15 years (since 1.1.2020: 12 years).

7. Former Allianz SE Management Board members

Former Allianz SE Management Board members are subject to the mandatory corporate law cooling-off period of two years.

According to regulatory provisions, no more than two former Allianz SE Management Board members shall be members of the Supervisory Board.

II. Requirements for the entire Supervisory Board

1. Profile of skills and expertise for the entire Supervisory Board

In addition to the expertise-related requirements for the individual members, the following shall apply with respect to the expertise and experience of the entire Supervisory Board:

- familiarity of members in their entirety with the insurance and financial services sector;
- adequate expertise of the entire board with respect to investment management, insurance actuarial practice, and accounting (since 1.1.2020: and technology);
- at least one member with considerable experience in the fields of insurance and financial services;
- at least one member with comprehensive expertise in the fields of accounting or auditing; (since 1.1.2020: at least one member with comprehensive expertise in the field of digital transformation);
- specialist expertise or experience in other economic sectors;
- managerial or operational experience.

2. Diversity concept

To promote an integrative cooperation among the Supervisory Board members, the Supervisory Board strives for an adequate diversity with respect to gender, internationality, different occupational backgrounds, professional expertise, and experience:

- The Supervisory Board shall be composed of at least 30 % women and at least 30 % men. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives.
- At least four of the members must, on the basis of their origin or function, represent regions or cultural areas in which Allianz SE conducts significant business.
  For Allianz SE as a Societas Europaea, the agreement concerning the participation of employees in Allianz SE provides the following: Allianz employees from different EU member states be considered in the allocation of employee representatives' Supervisory Board seats.
- In order to provide the Board with the most diverse sources of experience and specialist knowledge possible, the members of the Supervisory Board shall complement each other with respect to their background, professional experience, and specialist knowledge."

1_As of 31 December 2019.

The composition of the Supervisory Board of Allianz SE reflects these objectives. According to the assessment by the Supervisory Board, all shareholder representatives, i.e. Ms. Boissard, Ms. Bosse as well as Mr. Diekmann, Dr. Eichiner, Mr. Hainer and Mr. Snabe, are independent within the meaning of the objectives (see No. I.3). With four female and eight male Supervisory Board members, the current legislation for equal participation of women and men in leadership positions (statutory gender quota of 30 %) is being met. In addition, the Supervisory Board has five members with international backgrounds. The skills profile is also met by all current members of the Supervisory Board. Based on the objectives regarding its composition, the Supervisory Board of Allianz SE has developed the following skills matrix.

		Diekmann	Snabe	Boissard	Bosse	Eichiner	Hainer	Burkhardt-Berg	Le Goaër	Grundler	Hayward	Kirsch	Lawrenz
Tenure	Joined Board in	2017	2014	2017	2012	2016	2017	2012	2018	2016	2017	2018	2015
Personal appro-priate-ness	Regulatory requirement (Fit & Proper)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Independence[1]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No Overboarding[1]	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diversity	Gender	male	male	female	female	male	male	female	male	female	male	male	male
	Nationality	German	Danish	French	Danish	German	German	German	French	German	British	German	German
Expertise	Accounting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Insurance Actuarial Practice	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Investment Management	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
	Technology	✓	✓	-	✓	✓	-	✓	✓	-	-	-	✓
	Digital Transformation	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	✓
	Employee Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Regional Expertise	North America	✓	✓	-	-	✓	✓	-	-	-	-	-	-
	Growth Markets	✓	✓	-	-	✓	✓	-	-	-	-	-	-
	Europe (EU)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ Criteria met. Expertise criteria based on yearly self-assessment. Tick means at least "Good knowledge" and implies the capacity to well understand the relevant matters and to take educated decisions. Good knowledge may result from existing qualifications and from the training measures regularly attended by all members of the Supervisory Board. On a scale from A-E this requires at least grade B.
1_According to German Corporate Governance Code.

The current composition of the Supervisory Board and its committees is described on **page 7**.

Directors' dealings

Members of the Board of Management and the Supervisory Board, as well as persons closely associated with them, are obliged by the E.U. Market Abuse Directive to disclose to both Allianz SE and the German Federal Financial Supervisory Authority any transactions involving shares or debt securities of Allianz SE or financial derivatives or other instruments based on them, as soon as the value of the securities acquired or divested by the member amounts to five thousand Euros or more within a calendar year. These disclosures are published on our website at **www.allianz.com/directorsdealings**.

Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. Shareholders can follow the AGM's proceedings on the internet and be represented by proxies. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes via the internet in the form of online voting. Allianz SE regularly promotes the use of internet services.

The AGM elects the shareholder representatives of the Supervisory Board and approves the actions taken by the Board of Management and the Supervisory Board. It decides on the use of profits, capital transactions, the approval of intercompany agreements, the remuneration of the Supervisory Board, and changes to the company's Statutes. Resolutions of the General Meeting shall be passed, unless mandatory legal provisions require otherwise, by a simple majority of the valid votes cast. In accordance with European regulations and the Statutes, changes to the Statutes require a two-thirds majority of votes cast in case less than half of the share capital is represented in the AGM. Each year, an ordinary AGM takes place at which the Board of Management and the Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the convening of an extraordinary AGM.

Accounting and auditing

The Allianz Group prepares its accounts according to § 315e of the German Commercial Code ("Handelsgesetzbuch – HGB") on the basis of the International Financial Reporting Standards (IFRS) adopted by the European Union. The annual financial statements of Allianz SE are prepared in accordance with German law and accounting rules.

In compliance with the special legal provisions that apply to insurance companies, the auditor of the annual financial statements and of the half-yearly financial report is appointed by the Supervisory Board, not the AGM. The audit of the financial statements covers the individual financial statements of Allianz SE and the consolidated financial statements of the Allianz Group.

We inform our shareholders, financial analysts, the media, and the general public about the company's situation on a regular basis and in a timely manner. The annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, and the respective management reports are published within 90 days of the end of each financial year. Additional information is provided in the Allianz Group's half-yearly financial reports and quarterly statements. Information is also made available at the AGM, at press and analysts' conferences, and on the Allianz Group's website. Our website also provides a financial calendar listing the dates of major publications and events, such as annual reports, half-yearly financial reports, and quarterly statements, AGMs, and analyst conference calls as well as financial press conferences.

You can find the 2020 financial calendar on our website at **www.allianz.com/financialcalendar**.

Regulatory requirements

The regulatory requirements for corporate governance applicable for insurance companies, insurance groups, and financial conglomerates are also important. Specifically, they include the establishment and further design of significant control functions (risk management, actuarial function, compliance, and internal audit) as well as general principles for a sound business organization. These regulatory requirements are applicable throughout the Group in principle and have been implemented using written guidelines issued by the Board of Management of Allianz SE. Solvency II requires the publication of qualitative and quantitative information including a market value balance sheet. Details on the implementation of the regulatory requirements for corporate governance by Allianz SE and by the Allianz Group can be found in the Solvency and Financial Condition Report of Allianz SE and of the Allianz Group, which are published on our website at **www.allianz.com/sfcr**.

STATEMENT ON CORPORATE MANAGEMENT PURSUANT TO § 315d AND § 289f OF THE HGB

The Statement on Corporate Management pursuant to § 315d and § 289f of the German Commercial Code ("Handelsgesetzbuch – HGB") forms part of the Group Management Report. However, according to § 317 (2) sentence 6 of the HGB, this Statement is not included within the scope of the audit.

Declaration of Conformity with the German Corporate Governance Code

On 13 December 2019, the Board of Management and the Supervisory Board issued the following Declaration of Conformity of Allianz SE with the German Corporate Governance Code (hereinafter the "Code"):

Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act

Declaration of Conformity by the Management Board and the Supervisory Board of Allianz SE with the recommendations of the German Corporate Governance Code Commission in accordance with § 161 of the German Stock Corporation Act (AktG)

Since the last Declaration of Conformity as of December 12, 2018, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of February 7, 2017 and will comply with them in the future.

Munich, December 13, 2019
Allianz SE

For the Management Board:
Signed Oliver Bäte   Signed Dr. Helga Jung

For the Supervisory Board:
Signed Michael Diekmann

In addition, Allianz SE follows all the suggestions of the Code in its 7 February 2017 version.

The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at **www.allianz.com/corporate-governance**.

Corporate governance practices

INTERNAL CONTROL SYSTEM

The Allianz Group has an effective internal risk and control system for verifying and monitoring its operating activities and business processes, in particular financial reporting, as well as compliance with regulatory requirements. The requirements placed on the internal control system are essential not only for the resilience and franchise value of the company, but also to maintain the confidence of the capital market, our customers, and the public. A comprehensive risk and control management system regularly also assesses the effectiveness and appropriateness of the internal control system as part of the System of Governance. For further information on our risk organization and risk principles, please refer to **page 76**. For further information on our Integrated Risk and Control System for Financial Reporting, please refer to **page 92**.

In addition, the quality of our internal control system is assessed by the Allianz Group's Internal Audit function. This function conducts independent, objective assurance and consulting activities, analyzing the structure and efficiency of the internal control system as a whole. In addition, it also examines the potential for additional value and improvement of our organization's operations. Fully compliant with all international auditing principles and standards, Internal Audit contributes to the evaluation and improvement of the effectiveness of the risk management, control, and governance processes. Therefore, internal audit activities are geared towards helping the company to mitigate risks, and further assist in strengthening its governance processes and structures.

COMPLIANCE MANAGEMENT SYSTEM

Integrity is at the core of our compliance programs and the basis for the trust of our customers, shareholders, business partners, and employees. The compliance function fosters a corporate culture of individual and collective responsibility for ethical conduct and adherence to the rules by:

- Advising the board of management, managers, and employees on business conduct that is lawful and ethical;
- Identifying and assessing material compliance risks and overseeing the implementation of adequate and effective internal controls to mitigate them;
- Providing a speak-up facility that employees and third parties can use to confidentially address irregularities;
- Communicating transparently and trustfully with supervisory authorities.

Compliance with applicable laws, rules, and regulations in all countries in which Allianz SE and Allianz Group operate as well as with internal policies and guidelines is key. The global compliance programs coordinated by Allianz SE's central Group Compliance function support our employees, managers, and executive board members to act responsibly and with integrity in all situations. By participating in the United Nations Global Compact, the world's largest and most important initiative for responsible corporate leadership, and respecting the Guidelines of the Organization for Economic Cooperation and Development (OECD Guidelines) for Multinational Enterprises, we integrate sustainability and corporate responsibility into our business. By accepting and complying with European and international standards and applicable laws, Allianz aims to avoid the risks that arise from non-compliance. To enhance our understanding of compliance issues and share best practices, we work with organizations such as the German Institute for Compliance (DICO) and the Global Insurance Chief Compliance Officers' Forum (CCO Forum).

Moreover, Allianz SE's central Group Compliance function is responsible – in close cooperation with local compliance functions – for ensuring the effective implementation and monitoring of the compliance programs within the Allianz Group, as well as for investigating potential compliance infringements. Furthermore, as a key function, the compliance function carries out the advisory, risk identification and assessment, monitoring, and early warning tasks required under the Solvency II regime.

CODE OF CONDUCT

Our Code of Conduct for Business Ethics and Compliance and the internal Compliance policies and guidelines derived from it provide all employees, managers, and executive board members with clear and practical guidance, enabling them to act in line with the values of the Allianz Group. The rules of conduct established by the Code of Conduct are binding for all employees worldwide and build the basis for our compliance programs. The Code of Conduct is available on our website at **www.allianz.com/corporate-governance**.

SPEAK UP

A major component of the Allianz Group's compliance management system is a speak-up facility that allows employees and third parties to notify the relevant compliance department confidentially about potential irregularities. No employee voicing concerns about irregularities in good faith needs to fear retribution, even if the concerns later turn out to be unfounded. Third parties can contact the compliance department via an electronic mailbox on our website at: **www.allianz.com/complaint-system**.

COMPLIANCE PROGRAMS

Allianz SE's central Group Compliance function has set up internal guidelines for the following identified compliance risk areas: bribery and corruption, money laundering and terrorism financing, economic sanctions, capital markets integrity, sales compliance/customer protection, antitrust, internal fraud, data privacy, and US Foreign Account Tax Compliance Act (FATCA). For further information on these compliance risk areas, please refer to the Combined Separate Non-Financial Report for Allianz Group and Allianz SE starting on **page 41** of the Allianz Group's Annual Report 2019 and the Sustainability Report on our website at **www.allianz.com/sustainability.**

COMPLIANCE TRAINING

In order to convey the principles of the Code of Conduct and the compliance programs based on these principles, Allianz has implemented interactive training programs around the world. These provide practical guidance that enables employees to make their own decisions based on internal and external requirements as well as ethical principles. Training programs comprise in-person and e-learning trainings and are delivered in several languages.

An anti-corruption training is compulsory for all Allianz employees worldwide. The same is true for the antitrust training to exposed employees. Further trainings exist for the other compliance programs.

DESCRIPTION OF THE FUNCTIONS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD AND OF THE COMPOSITION AND FUNCTIONS OF THEIR COMMITTEES

A description of the composition of the Supervisory Board and its committees can be found on **page 9** and **7** of the Annual Report. A description of the composition of the Board of Management can be found on **page 10**, while the composition of the Committees of the Board of Management is described in the Corporate Governance Report starting on **page 12**. This information is also available on our website at **www.allianz.com/corporate-governance**.

A general description of the functions of the Board of Management, the Supervisory Board, and their committees can be found in the Corporate Governance Report starting on **page 12**, and on our website at **www.allianz.com/corporate-governance**.

Information in accordance with the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector

This section outlines the targets set for Allianz SE and the other companies of the Allianz Group in Germany that are subject to co-determination (the "subsidiaries concerned") for the Supervisory Board, the Board of Management, and the two management levels below the Board of Management.

Article 17 (2) of the German SE Implementation Act stipulates that as of 1 January 2016, the share of women and men among the members of the Supervisory Board of Allianz SE must each total up to 30% at least. The Supervisory Board currently in office fulfils this requirement as it includes four women (33%) and eight men (67%).

In August 2017, the Supervisory Board set a target for the percentage of women on Allianz SE's Board of Management at 30% to be achieved by 31 December 2021. As of 31 December 2019, the percentage of women on Allianz SE's Board of Management was to 20%. As regards the proportion of women on the first and second management levels below the Board of Management, the Board of Management of Allianz SE has set a target of 20% and 30%, respectively, to be met by 31 December 2021. As of 31 December 2019, this target was already met for the first management level, with a percentage of women of 22%, but could not yet be met on the second level with a percentage of 24%. The first two management levels below the Board of Management comprise a very small comparative group of executives. No suitable female candidates could be identified for the very few positions that became vacant in the period considered.

In the longer term, Allianz aims to place women in at least 30% of the positions at these two management levels throughout the Group.

With regard to the Supervisory Boards of the subsidiaries concerned, the target quotas for eight out of nine subsidiaries concerned were set at 30% and the target quota for the remaining subsidiary concerned was set at 33% for 31 December 2021. All subsidiaries concerned reached this target as of 31 December 2019. The target quotas for the respective Board of Management of the subsidiaries concerned were between 20% and 30% (24% on average) for 31 December 2021 and were met by eight of the nine companies. For the two management levels below the Board of Management, the respective Boards of Management of the subsidiaries concerned had set target quotas between 17% and 33% (23% on average) for 31 December 2021 for the first management level and target quotas between 20% and 33% (26% on average) for 31 December 2021 for the second management level below the Board of Management. As of 31 December 2019, the targets were met by six of the nine subsidiaries concerned at the first management level, while five of the nine companies met the targets set for the second management level. Despite increased efforts to promote women in the Allianz Group and also at the individual subsidiaries, it was not possible to achieve the targets in these cases, as it was not always possible to identify suitable female candidates for all vacant positions. Allianz works further to achieve these targets.

Diversity concepts for the Board of Management and Supervisory Board

In accordance with the legislation to implement the European CSR Directive, the diversity concepts for the Board of Management and the Supervisory Board, their objectives, implementation, and results achieved are to be reported for the 2019 financial year.

The Supervisory Board adopted the following diversity concept for the Board of Management of Allianz SE in August 2017:

"For the composition of the Management Board, the Supervisory Board aims for an adequate 'Diversity of Minds'. This comprises broad diversity with regard to gender, internationality, and educational as well as professional background.

The Supervisory Board assesses the achievement of such target, inter alia, on the basis of the following specific indicators:

- Adequate proportion of women on the Management Board: at least 30% by 31 December 2021;
- Adequate share of members with an international background (e.g. based on origin or extensive professional experience abroad), ideally with a connection to the regions in which Allianz Group is operating;
- Adequate diversity with regard to educational and professional background, taking into account the limitations for the Supervisory Board by regulatory requirements (fitness)."

This diversity concept is implemented in the appointment procedure for members of the Board of Management by the Supervisory Board. It is ensured that lists of successors will comprise appropriate percentages of female candidates as well as of candidates with international experience. The Personnel Committee takes this into consideration especially in succession planning. The share of women on the Management Board is currently 20%. Six members of the Management Board have international backgrounds. There is an adequate degree of variety as regards educational and professional backgrounds.

The diversity concept for the Supervisory Board was approved by the Supervisory Board in August 2017, and included in the objectives for the composition of the Supervisory Board (see No. II.2 of the objectives for the composition of the Supervisory Board on **page 15**). The Supervisory Board pursues these objectives, and thus also the diversity concept, when nominating candidates for shareholder representatives. As employee representatives are appointed according to different national provisions, there is only limited potential influence to the selection of employee representatives. The Supervisory Board is currently composed in accordance with the diversity concept. For details please see the Corporate Governance Report on **page 12**.

TAKEOVER-RELATED STATEMENTS AND EXPLANATIONS

The following information is provided pursuant to §289a(1) and §315a(1) of the German Commercial Code ("Handelsgesetzbuch – HGB") and §176(1) of the German Stock Company Act ("Aktiengesetz – AktG").

COMPOSITION OF SHARE CAPITAL

As of 31 December 2019, the share capital of Allianz SE was € 1,169,920,000. It was divided into 417,172,859 registered and fully paid-up shares with no par value. All shares carry the same rights and obligations. Each no-par value share carries one vote.

RESTRICTIONS ON VOTING RIGHTS AND SHARE TRANSFERS; EXERCISE OF VOTING RIGHTS IN CASE OF EMPLOYEE EQUITY PARTICIPATIONS

Shares may only be transferred with the consent of the company. An approval duly applied for may only be withheld if this is deemed necessary in the company's interest on exceptional grounds. The applicant will be informed of the reasons.

Shares acquired by employees of the Allianz Group as part of the employee stock purchase plan are generally subject to a three-year lock-up period. During the lock-up period, employees can exercise their voting rights.

INTERESTS IN THE SHARE CAPITAL EXCEEDING 10% OF THE VOTING RIGHTS

Allianz SE is not aware of any direct or indirect interests in the share capital that exceed 10% of the voting rights.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring powers of control.

LEGAL AND STATUTORY PROVISIONS APPLICABLE TO THE APPOINTMENT AND REMOVAL OF MEMBERS OF THE BOARD OF MANAGEMENT AND TO AMENDMENTS OF THE STATUTES

The appointment and removal of members of Allianz SE's Board of Management is governed by Articles 9(1), 39(2) and 46 of the SE Regulation, §§84, 85 AktG, §24(3) and §47 No. 1 German Insurance Supervision Act ("Versicherungsaufsichtsgesetz – VAG"), and the Statutes. According to the Statutes, the Board of Management shall consist of at least two persons; the Supervisory Board determines the number of any additional members (§5(1) of the Statutes). The members of the Board of Management are appointed by the Supervisory Board for a term of up to five years; reappointment is permitted for a maximum of five years in each case (§5(3) of the Statutes). A simple majority of the votes cast in the Supervisory Board is required to appoint members of the Board of Management. In the case of a tie vote, the Chairperson of the Supervisory Board, who pursuant to Article 42 of the SE Regulation must be a shareholder representative, shall have the casting vote (§8(3) of the Statutes). If the Chairperson does not participate in the vote the Vice Chairperson shall have the casting vote, provided he or she is a shareholder representative. A Vice Chairperson who is an employee representative has no casting vote (§8(3) of the Statutes).

Amendments to the Statutes are governed by Article 59 SE Regulation, §179 AktG, and the Statutes §13(4) of the Statutes of Allianz SE stipulates that, unless mandatory law requires otherwise, changes to the Statutes require a two-thirds majority of the votes cast at a General Meeting or, if at least one half of the share capital is represented, a simple majority of the votes cast. Where the law requires a majority in capital for a shareholder resolution, a simple majority of the capital represented at the General Meeting is sufficient, provided this is in line with legal requirements. The Supervisory Board may alter the wording of the Statutes (§179(1) AktG and §10 of the Statutes).

AUTHORIZATION OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

The Board of Management is authorized to issue shares as well as to acquire and use treasury shares as follows:

It may increase the company's share capital on or before 8 May 2023, with the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash and/or in kind, on one or more occasions:

– Up to a total of € 334,960,000 (Authorized Capital 2018/I): In case of a capital increase against cash contribution, the Board of Management may exclude the shareholders' subscription rights for these shares with the consent of the Supervisory Board (i) for fractional amounts, (ii) in order to safeguard the rights pertaining to holders of convertible bonds or bonds with warrants, including mandatory convertible bonds, and (iii) in the event of a capital increase of up to 10%, if the issue price of the new shares is not significantly below the stock market price. The Board of Management may furthermore exclude the shareholders' subscription rights with the consent of the Supervisory Board in the event of a capital increase against contributions in kind.
– Up to a total of € 15,000,000 (Authorized Capital 2018/II): The shareholders' subscription rights are excluded. New shares may only be issued to employees of Allianz SE and its Group companies.

The company's share capital is conditionally increased by up to € 250,000,000 (Conditional Capital 2010/2018). This conditional capital increase will only be carried out to the extent that the holders of convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments issued against cash by Allianz SE or its subsidiaries, based on the authorizations granted by the General Meeting on 5 May 2010 or 9 May 2018, exercise their conversion or option rights, or to the extent that conversion obligations from such bonds are fulfilled, and to such extent that treasury shares or shares from authorized capital are not used for such purpose.

Under an authorization by the General Meeting of 9 May 2018, the Board of Management may, until 8 May 2023, buy back Allianz shares corresponding to up to 10% of the lower of (i) the share capital at the moment of the shareholder resolution and (ii) the share capital at the moment of the buy-back, and to use those shares for other purposes (§71(1) No. 8 AktG). Together with other treasury shares that are held by Allianz SE, or which are attributable to it under §§71a et seq. AktG, such shares may not exceed 10% of the share capital at any time. The shares acquired pursuant to this authorization may be used, under exclusion of the shareholders' subscription rights, for any legally admissible purposes, in particular those specified in the authorization. Furthermore, the acquisition of treasury shares under this authorization may also be carried out using derivatives, provided such derivatives do not relate to more than 5% of the share capital.

Domestic or foreign banks that are majority-owned by Allianz SE may buy and sell Allianz shares for trading purposes (§71(1) No. 7 and (2) AktG) under an authorization of the General Meeting valid until 8 May 2023. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§71a et seq. AktG, shall at no time exceed 10% of the share capital of Allianz SE.

ESSENTIAL AGREEMENTS OF ALLIANZ SE WITH CHANGE-OF-CONTROL CLAUSES AND COMPENSATION AGREEMENTS PROVIDING FOR TAKEOVER SCENARIOS

The following essential agreements of the company are subject to a change-of-control condition following a takeover bid:

- Our reinsurance contracts, in principle, include a clause under which both parties to the contract have an extraordinary termination right, if and when the counterparty merges with another entity or its ownership or control situation changes materially. Agreements with brokers regarding services connected with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- Allianz SE is also party to various bancassurance distribution agreements for insurance products in various regions. These distribution agreements normally include a clause under which the parties have an extraordinary termination right in the event of a change of control of the other party's ultimate holding company.
- Shareholder agreements and joint ventures to which Allianz SE is a party often contain change-of-control clauses that provide, as the case may be, for the termination of the agreement, or for put or call rights that one party can exercise with regard to the joint venture or the target company, if there is a change of control of the other party.
- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers relating to the distribution of car insurance by the respective car manufacturers each include a clause under which each party has an extraordinary termination right in case there is a change of control of the other party.
- Bilateral credit agreements in some cases provide for termination rights in the event of a change of control, mostly defined as the acquisition of at least 30% of the voting rights within the meaning of §29(2) of the German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz – WpÜG"). Where such termination rights are exercised, the respective credit lines have to be replaced by new credit lines under conditions then applicable.

The company has entered into the following compensation agreements with members of the Board of Management and certain employees, providing for the event of a takeover bid:

A change-of-control clause in the service contracts of the members of Allianz SE's Board of Management provides that, if within twelve months after the acquisition of more than 50% of the company's share capital by one shareholder or several shareholders acting in concert (change of control) the appointment as a member of the Board of Management is revoked unilaterally by the Supervisory Board, or if the mandate is ended by mutual agreement, or if the Management Board member resigns because his or her responsibilities as a board member are significantly reduced through no fault of the board member, he or she shall receive his or her contractual remuneration for the remaining term of the service contract, but for the purpose hereof limited to two years, in the form of a one-off payment. The one-off payment is based on the fixed remuneration plus the variable remuneration, with this basis being limited, however, to the amount paid for the last fiscal year. This applies accordingly if, within twelve months of a change of control, a mandate in the Board of Management comes to an end and is not extended: The one-off payment will then be granted for the period between the end of the mandate and the end of the two-year period following the change of control. The change of control clauses in the service contracts of the members of Allianz SE's Board of Management cease to have effect as soon as the new German Corporate Governance Code expected in 2020 is published in the official part of the Federal Gazette (*Bundesanzeiger*). For further details, please refer to the Remuneration Report starting on **page 23.**

Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSUs) – i.e. virtual Allianz shares – are granted to senior management of the Allianz Group worldwide as a stock-based remuneration component. The conditions for these RSU contain change-of-control clauses, which apply when a majority of the voting share capital in Allianz SE is directly or indirectly acquired by one or more third parties who do not belong to the Allianz Group, and which provide for an exception from the usual vesting and exercise periods. In line with the relevant general conditions, the company will release the RSUs to plan participants on the day of the change of control, without observing any vesting period that would otherwise apply. The cash amount payable per RSU must equal the average market value of the Allianz share and must equal or exceed the price offered per Allianz share in a preceding tender offer. By providing for the non-application of the vesting period in the event of a change of control, the terms take into account the fact that the conditions influencing the share price are substantially different when there is a change of control.

REMUNERATION REPORT

This remuneration report describes the remuneration structure and arrangements for the Board of Management and the Supervisory Board of Allianz SE.

The report has been prepared in accordance with the requirements of the German Commercial Code, the German Accounting Standard No. 17, and the International Financial Reporting Standards (IFRS). It also takes into account the relevant regulatory provisions and the recommendations contained in the German Corporate Governance Code.

All information provided here concerning Allianz SE Board of Management remuneration as well as additional information can also be found on our remuneration website at **www.allianz.com/remuneration.**

Remuneration of the Allianz SE Board of Management

RESPONSIBILITY FOR BOARD OF MANAGEMENT REMUNERATION

The Board of Management's remuneration is decided upon by the entire Supervisory Board, based on proposals prepared by the Personnel Committee of the Supervisory Board[2]. The Supervisory Board designs the remuneration system for the members of the Board of Management in accordance with the applicable laws and regulations, in particular the requirements of the German Stock Corporation Act (AktG) in the currently valid version, regulatory requirements as well as the provisions of the German Corporate Governance Code, while ensuring clarity and comprehensibility. The Supervisory Board determines the total target remuneration on the basis of the remuneration system.

KEY PRINCIPLES

- Alignment of pay and performance: The performance-based, variable component of the Board remuneration forms a significant portion of the overall remuneration (70%).
- Sustainability of performance and alignment with shareholder interests: A major part of the variable remuneration reflects longer-term performance with deferred payout (64%) and is linked to the absolute and relative performance of the share price.
- Support of the Group's strategy: The design of the performance targets reflects the Allianz Group's business strategy.

ADEQUACY OF THE BOARD OF MANAGEMENT REMUNERATION

The structure, weighting, and level of each remuneration component shall be adequate and appropriate.

HORIZONTAL APPROPRIATENESS

The Supervisory Board regularly benchmarks the Allianz SE Board of Management's remuneration against other DAX 30 companies. Given Allianz's relative size, complexity, and sustained performance, compensation levels are oriented towards the fourth quartile of the compensation of that peer group.

VERTICAL APPROPRIATENESS

This comparison is based on the total direct compensation of a member of the Board of Management and the average direct compensation of an employee of the Allianz workforce in Germany. For the fiscal year 2019, the factor resulting from this comparison for the Chairman of Board of Management to employee is "77" and the factor regular board member to employee is "42".

REMUNERATION STRUCTURE

The current structure became effective on 1 January 2019. It was approved by the Annual Shareholder Meeting of Allianz SE on 8 May 2019 with a majority vote of 92%.

However, in order to ensure that the remuneration system is also in line with the new version of the German Corporate Governance Code announced for 2020, the special severance payment rule for the event of a change of control has been deleted without replacement and, in the event of a contractually agreed non-competition clause, provision has been made for a severance payment due to early termination of a Management Board member to be set off against a non-competition compensation (Karenzentschädigung).

1_If required, outside advice is sought from independent external consultants. The Personnel Committee and the Supervisory Board consult with the Chairman of the Board of Management, as appropriate, in assessing the performance and remuneration of Board of Management members – with one exception: The Chairman of the Board of Management is not involved in the discussion about his own remuneration.

	% of target compensation	Target compensation in € thou	Modifier for target level	Other characteristics
30% fix	30% Base salary	CEO*: 1,706 RBM*: 975	• Fix	Shareholding requirement • CEO: 2 x Base salary • RBM: 1 x Base salary
36% cash 70% variable	25% Annual bonus	CEO: 1,422 RBM: 813	Group result × Individual contribution factor 0 - 150%	• Malus (up to 100%) • Clawback (up to 3 years)
64% deferred	45% Long-term incentive (LTI)[1]	CEO: 2,559 RBM: 1,463	4-year share price performance × 4-year relative performance (peer index) 0 - 272%[2] × Sustainability check (100% down to 0)	
	100%	CEO: 5,687 RBM: 3,251		Severance payment cap: 2 x total target compensation
+ Pension contribution		CEO: 853 RBM: 488	• 15% of total target (50% of base salary)	
Total compensation		CEO: 6,540 RBM: 3,739	• Cap including pension contribution (in € thou): CEO: 10,000, RBM: 6,000	

* CEO = Chief Executive Officer, RBM = regular Board member
1_For simplicity reasons, the LTI percentage as well as the LTI target amount are based on target allocation values.
2_The overall compensation cap of € 10,000 thou | € 6,000 thou including pension contributions limits the effective payout of the LTI to a maximum of 255% (CEO) and 272% (RBM), respectively.

REMUNERATION COMPONENTS AND TARGET SETTING PROCESS

BASE SALARY

The base salary, which is not performance-related, is paid in twelve equal monthly installments.

PERQUISITES

Perquisites mainly consist of contributions to accident and liability insurances, tax consultant fees (if in the interest of Allianz) and the provision of a company car. Perquisites are not linked to performance; a contractual annual cap applies. Each member of the Board of Management is responsible for paying the income tax due on these perquisites. The Supervisory Board regularly reviews the level of perquisites.

VARIABLE REMUNERATION

Variable remuneration includes the annual bonus and a long-term incentive (LTI).

Annual bonus

The annual bonus is based on the achievement of Group financial targets for the respective financial year for which the annual bonus is granted, and adjusted by an individual contribution factor (ICF), taking into account individual and business division performance.

GROUP FINANCIAL TARGETS

The Group financial targets are based on equally weighted targets for Group operating profit and Group net income attributable to shareholders. Both key performance indicators (KPIs) are important steering parameters for the Allianz Group. Operating profit highlights the underlying performance of ongoing core operations. Net income attributable to shareholders is the profit after tax and non-controlling interests (minorities). Furthermore, the net income forms the basis for the dividend payout and for the return on equity calculation. The Group financial targets therefore reflect the level of implementation of the Group's strategy as set by the Board of Management.

INDIVIDUAL CONTRIBUTION FACTOR (ICF)

For each board member, the Group financial target achievement is multiplied by the ICF. The ICF is based on an overall discretionary assessment by the Allianz SE Supervisory Board, as well as on KPIs that take into account the specific area of responsibility of the respective board member and the personal contribution of the board member. It is limited to a range of 0.8 to 1.2.

The ICF takes into account each board member's individual contribution to the implementation of the business strategy.

For board members with business-related division responsibilities, the contribution to the financial performance considers various indicators of profitability (e.g., operating profit and net income) and productivity (e.g., expense ratio) for the respective business division. For board members with a functional focus, quantitative division-specific performance targets are determined based on their key responsibilities.

Non-financial targets take into account customer satisfaction (e.g., NPS), employee engagement (e.g., Allianz Engagement Survey) and leadership quality, including strategic priorities. The assessment of the individual leadership quality also includes a review of behavioral aspects, such as customer orientation, collaborative leadership, entrepreneurship, and trust (e.g., corporate social responsibility, integrity, diversity as well as sustainability as measured by the reduction of the carbon footprint, the greenhouse gas reduction as well as a step-by-step plan to achieve net-zero compliant asset allocation until 2050, at the latest).

PAYOUT AND ANNUAL BONUS CAP

Following the end of the respective financial year for which the bonus is granted, the annual bonus is settled in cash and may range between zero and 150% of the target amount.

Long-term incentive (LTI)

The long-term share-based compensation component takes the highest share within the variable compensation. It fosters shareholder alignment and takes the implementation of the long-term strategy into account. Furthermore, the company's long-term development is reflected by the deferred sustainability assessment.

ALLIANZ SHARE PERFORMANCE

The LTI is granted annually in the form of virtual Allianz shares, so-called restricted stock units (RSUs), with a four-year contractual vesting period. The LTI allocation amount is derived by multiplying the LTI target amount by the annual bonus achievement factor, and capped at 150% of the LTI target level. To determine the number of RSUs to be granted, the LTI allocation amount is divided by the allocation value of an RSU at grant. The RSU allocation value is based on the ten-day-average Xetra closing price of the Allianz stock following the annual financial media conference[1].As RSUs are virtual stock without dividend payments, the relevant share price is reduced by the net present value of the expected future dividend payments during the contractual vesting period.

RELATIVE PERFORMANCE VERSUS PEERS

The LTI payout takes Allianz's relative performance into account:

- The Allianz SE total shareholder return (TSR) is benchmarked against the TSR of the STOXX Europe 600 insurance index by reflecting the relation of the total performance of the Allianz share ("Allianz TSR") and the total performance of the STOXX Europe 600 Insurance Performance Index ("Index TSR") between start and end of the four-year contractual vesting period.
- In order to avoid incentivizing excessive risk taking, the relative TSR performance factor is limited: It can vary between zero (for underperformance of the index by - 50%-points or lower) and 200% (for outperformance of the index by + 50%-points or higher).
- The relative TSR performance factor is calculated as follows: Allianz TSR at the end of the contractual vesting period in %-points minus index TSR at the end of the contractual vesting period in %-points, the result times two, plus 100%.
- Example: 5%-points outperformance results in a relative performance factor of 110%, 5%-points underperformance results in a relative performance factor of 90%.

SUSTAINABILITY CHECK

Following the sustainability assessment, the LTI payout amount may be reduced to zero, if the performance of a board member was not deemed sustainable. It compares the development of the annual bonus KPIs in the grant year with the pay-out year of the LTI, additionally taking into account extraordinary events, the Solvency II ratio, and balance sheet strength.

LTI PAYOUT AND CAP

Following the end of the four-year contractual vesting period, the RSUs granted are settled in cash based on the ten-day average Xetra closing price of the Allianz SE share following the annual financial media conference in the year the respective RSU plan vests, multiplied by the relative TSR performance factor and adjusted by the sustainability assessment as described above. The payout per RSU is capped at twice the share price at grant. Taking into account the overall compensation cap, the LTI payout, relative to the LTI target, is limited to 255% for the Chairman of the Board of Management and 272% for a regular board member **Overall cap and sensitivity of total compensation.**

1_For accounting purposes, the determination of the fair value of RSUs is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index, their correlation, and the expected dividends. The value of the RSUs used for the board members compensation may deviate from this IFRS value, as a simplified calculation method was applied to increase transparency and traceability.

Illustrative examples

LTI payout: Performance exceeds expectation (scenario 1)

Illustrative example for RBM		RSU	€ thou	€ thou
Initial grant based on:				
•LTI target			1,463	
•LTI allocation value: annual bonus achievement factor applied to LTI target	110%		1,609	
•RSU grant based on share price at grant (€ 200), reduced by the net present value of estimated future dividends (€ 40)		10,058	-	
LTI payout at vesting based on:				
•RSU x share price at vesting (€ 250)			2,515	
•TSR relative performance factor: 2 x (TSR Allianz: 45 % – TSR Stoxx Europe 600 Insurance: 40 %) + 100 %	110%			
Payout				**2,766**

LTI payout: Performance remains below expectation (scenario 2)

Illustrative example for RBM		RSU	€ thou	€ thou
Initial grant based on:				
•LTI target			1,463	
•LTI allocation value: annual bonus achievement factor applied to LTI target	90%		1,317	
•RSU grant based on share price at grant (€ 200), reduced by the net present value of estimated future dividends (€ 40)		8,229	-	
LTI payout at vesting based on:				
•RSU x share price at vesting (€ 190)			1,564	
•TSR relative performance factor: 2 x (TSR Allianz: 15 % – TSR Stoxx Europe 600 Insurance: 40 %) + 100 %	50%			
Payout				**782**

Malus/Clawback

Variable remuneration components may not be paid, or payment may be restricted, in the case of a significant breach of the Allianz Code of Conduct or regulatory Solvency II policies or standards, including risk limits. In the same way, for three years after payout, variable remuneration components already paid may be subject to a clawback.

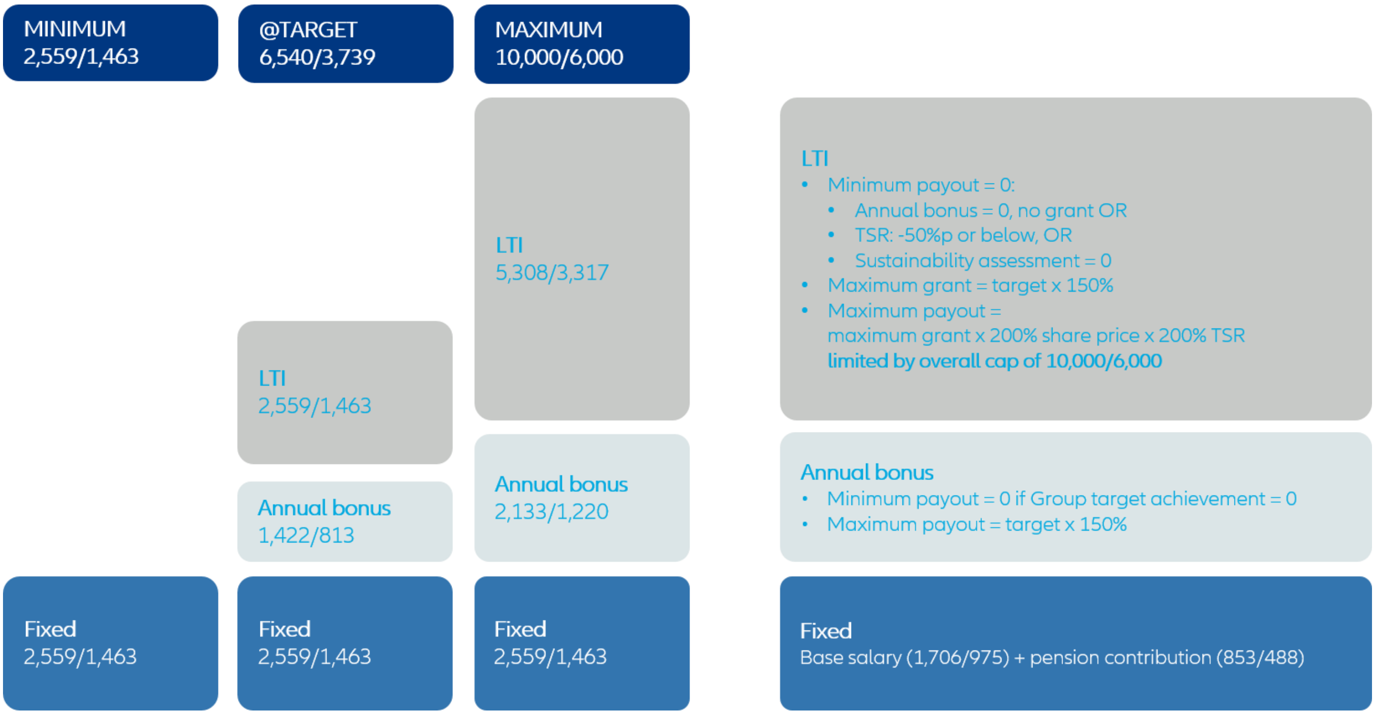
Additionally, a reduction or cancellation of variable remuneration may occur if the supervisory authority (BaFin) requires this in accordance with its statutory powers.

OVERALL CAP AND SENSITIVITY OF TOTAL COMPENSATION

The variable remuneration is designed to help achieve the operational targets and to reward sustainable performance. Therefore, payout of almost two thirds of the annual variable compensation will not occur for a period of four years; such payout is subject to sustainability assessment adjustments. A failure to meet targets may result in a maximum reduction of the variable compensation to zero, with the overall payout being capped:

Compensation sensitivity

€ thou CEO/RBM



PENSION CONTRIBUTION AND SIMILAR BENEFITS

To provide competitive and cost-effective retirement and disability benefits, company contributions to the current defined-contribution pension plan "My Allianz Pension" are invested in a fund with a guarantee for the contributions paid, but no further interest guarantee. Each year the Supervisory Board decides whether and to what extent a budget is provided, also taking into account the target pension level. The current pension contribution generally represents 15 % of the target compensation of the board members.

Apart from cases of occupational or general disability for medical reasons, the earliest age a pension can be drawn is 62. Should board membership cease before the retirement age is reached, accrued pension rights are maintained if vesting requirements are met.

Members of the Board of Management may have pension entitlements under former pension plans or based on previous positions in the Allianz Group or due to membership of the Board of Management before 2015.

MAXIMUM TOTAL COMPENSATION (OVERALL CAP)

The sum of variable compensation and base salary payout including pension contributions, which is paid in relation to one financial performance year, will be capped at a maximum amount of € 6,000 thou for a regular member of the Board of Management and at € 10,000 thou for the Chairman of the Board of Management.

SHAREHOLDING REQUIREMENTS AND TOTAL SHAREHOLDING EXPOSURE

Members of the Board of Management must build share ownership within three years, with the minimum level defined as follows:

- Chairman of the Board of Management: two times base salary, i.e. € 3,412 thou,
- Regular Board of Management member: one time base salary, i.e. € 975 thou.

Holding is required for the entire term of service on the Board of Management. Shares will be acquired through mandatory pay component conversion. The holding obligation ceases with the end of the mandate.

In combination with the virtual shares accumulated through the LTI plan, the Allianz SE Board of Management has significant economic exposure to the Allianz stock: It amounts to approx. € 14,000 thou for the Chairman (= 240% of total target direct compensation) and approx. € 7,000 thou for a regular board member (= 210% of total target direct compensation).

TERMINATION OF SERVICE

Board of Management contracts are limited to a period of five years. For new appointments, based on the recommendation by the German Corporate Governance Code announced for 2020, a shorter period of up to three years is provided. Severance payments made to board members in case of early termination are restricted according to the German Corporate Governance Code.

SEVERANCE PAYMENT CAP

Payments for early termination to board members with a remaining term of contract of more than two years are capped at twice the annual compensation, consisting of last year's base salary and 100% of the variable target compensation. If the remaining term of contract is less than two years, the payment is pro-rated for the remaining term of the contract. Contracts do not contain provisions for any other cases of early termination of Board of Management service. In particular, to comply with the recommendation by the German Corporate Governance Code announced for 2020, severance payments in case of a change of control are discontinued.

TRANSITION PAYMENT

Board members appointed before 1 January 2010 are eligible for a transition payment after leaving the Board of Management. The transition payment comprises an amount corresponding to the most recent base salary (paid for a period of six months), plus a one-time payment of 25% of the target variable remuneration at notice date. Where an Allianz pension is immediately payable, such pension is deducted from the monthly transition payments.

MISCELLANEOUS

INTERNAL AND EXTERNAL BOARD APPOINTMENTS

When a member of the Board of Management simultaneously holds an appointment at another company within the Allianz Group or their joint ventures with outside partners, the full amount of the respective remuneration is transferred to Allianz SE. In recognition of related benefits to the organization and subject to prior approval by the Supervisory Board of Allianz SE, board members are also allowed to accept a limited number of non-executive supervisory roles at appropriate external organizations. In these cases, 50% of the remuneration received is paid to Allianz SE. Only if the Allianz SE Supervisory Board classifies the appointment as a personal one *(ad personam)*, the respective board member will retain the full remuneration for that position. Any remuneration paid by external organizations will be itemized in those organizations' annual reports; its level will be determined by the governing body of the relevant organization.

TARGET ACHIEVEMENT FOR 2019

GROUP FINANCIAL TARGETS

The combined target achievement level of the Group's financial targets is calculated as the simple average of the achievement of the targets for the Group operating profit and Group net income attributable to shareholders. The solid achievement of the operating profit and the significant over-achievement of the net income attributable to shareholders led to an overall achievement of these Group targets of 108.72 %[1].

Group financial target achievement level

Financial Group targets	0% Floor in € bn	100% - Target in € bn	150% - max in € bn	Actual in € bn	Achievement level in %	Weight in %	Achievement level combined in %
Operating profit	5.80	11.50	14.35	11.86	106.24	50	108.72
Net income attributable to shareholders	3.80	7.50	9.35	7.91	111.19	50	

INDIVIDUAL CONTRIBUTION FACTOR

To calculate the annual bonus, the combined target achievement level of the financial Group targets is multiplied by the individual contribution factor (ICF) which is determined by the Supervisory Board for each board member. In determining the ICF, which is provided as a multiplier of 0.8 to 1.2 in the remuneration system, the Supervisory Board, following the proposal of the Personnel Committee, has used almost the entire range from 0.8 to 1.13. In addition to business segment-specific quantitative targets, qualitative targets such as customer satisfaction, employee engagement, leadership quality, and the achievement of strategic milestones were considered.

The fulfilment of quantitative targets in the life sector and in asset management and in many property-casualty companies had a positive effect. Productivity targets were overachieved in all business divisions.

The Supervisory Board values very positively the progress made in the strategic positioning in China, the progressing diversification in investments, and the systematic implementation of the Allianz Customer Model.

The acquisitions in England and Brazil were also considered positively.

Besides the high scores from employee and customer surveys, the Supervisory Board paid special tribute to Allianz's leading position in the Dow Jones Sustainability Index for the third consecutive year and its first-time leading position as worldwide most valuable insurance brand in the Interbrand Best Global Brands 2019 ranking.

A negative factor was the poor result in the international industrial insurance business AGCS, which was well below plan in a difficult market with increasing claims frequency and severity. This development could not be compensated by the division's otherwise very committed and successful work.

A missed target in property and casualty business in Spain and the technical difficulties in introducing the European direct insurer in Germany were also considered in the assessment.

Variable compensation 2019

Target achievement 2019	Group financial performance in %	ICF range: 0.8 - 1.2	Target achievement factor in %	Annual bonus payout in € thou	LTI allocation value in € thou
Oliver Bäte	108.72	1.13	122.85	1,747	3,144
Sergio Balbinot	108.72	1.11	120.68	981	1,766
Jacqueline Hunt	108.72	1.10	119.59	972	1,750
Dr. Helga Jung	108.72	1.07	116.33	946	1,702
Dr. Christof Mascher	108.72	1.07	116.33	946	1,702
Niran Peiris	108.72	0.80	86.98	707	1,273
Iván de la Sota	108.72	0.95	103.28	840	1,511
Giulio Terzariol	108.72	1.07	116.33	946	1,702
Dr. Günther Thallinger	108.72	1.07	116.33	946	1,702
Dr. Axel Theis	108.72	1.11	120.68	981	1,766

1_Group target achievement is based on an operating profit of € 11,855,449.63 thou and net income attributable to shareholders of € 7,914,009.88 thou.

REMUNERATION FOR 2019

The following remuneration disclosure, which is compliant with the disclosure requirements stipulated by the German Corporate Governance Code as well as the German Accounting Standard No. 17, shows the individual board members' remuneration for 2018 and 2019, including fixed and variable remuneration and pension service cost.

The Grant column specifies the target, minimum, and maximum remuneration. The Payout column discloses the 2018 and 2019 payments. The base salary, annual bonus, and perquisites are linked to the performance reporting years, 2018 and 2019, whereas the Allianz Equity Incentive (AEI) payouts result from grants related to performance years 2013 and 2014. To enhance remuneration transparency for performance years 2018 and 2019, an additional column "Actual grant" was inserted: It includes the fixed compensation components, the annual bonuses paid for both performance years, the tranche of the MTB 2016 – 2018 accrued for the 2018 performance year, and the fair value of the RSU grant for 2018 and 2019 (granted under the AEI for 2018 and under the LTI for 2019).

The 2018 payout is significantly higher than in 2019 because it includes the MTB 2016 – 2018 and thus payments for three performance years. The MTB is discontinued from 2019, therefore no MTB disclosure for 2019 is made.

Individual remuneration: 2019 and 2018

€ thou (total might not sum up due to rounding)

	Oliver Bäte (Appointed: 01/2008; CEO since 05/2015)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	1,313	1,706	1,706	1,706	1,313	1,706	1,313	1,706
Perquisites	17	20	20	20	17	20	17	20
Total fixed compensation	1,329	1,726	1,726	1,726	1,329	1,726	1,329	1,726
Annual variable compensation								
Annual bonus	1,313	1,422	-	2,133	1,614	1,747	1,614	1,747
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	2,637	-	3,647	-	3,143	-	-
AEI 2019/RSU[4]	1,313	-	-	-	1,614	-	-	-
MTB (2016 – 2018)[5]	1,313	-	-	-	1,614	-	4,828	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	1,585
AEI 2014/RSU[4]	-	-	-	-	-	-	1,862	-
Total	5,267	5,785	1,726	7,506	6,172	6,616	9,634	5,058
Pension service cost[6]	696	891	891	891	696	891	696	891
Total	**5,963**	**6,676**	**2,617**	**8,397**	**6,868**	**7,507**	**10,330**	**5,949**

	Sergio Balbinot (Appointed: 01/2015)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	40	74	74	74	40	74	40	74
Total fixed compensation	790	1,049	1,049	1,049	790	1,049	790	1,049
Annual variable compensation								
Annual bonus	750	813	-	1,220	932	981	932	981
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,795	-	-
AEI 2019/RSU[4]	750	-	-	-	932	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	932	-	3,071	-
AEI 2015/RSU[4, 7]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,040	3,378	1,049	4,397	3,586	3,826	4,793	2,030
Pension service cost[6]	360	435	435	435	360	435	360	435
Total	**3,400**	**3,813**	**1,484**	**4,832**	**3,946**	**4,260**	**5,153**	**2,465**

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016–2018, as adjusted based on the sustainability assessment. The MTB 2016–2018 was paid out in spring 2019.

6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_Sergio Balbinot received in 2015 a buyout award to compensate for forfeited grants from his previous employer. Half of this compensation was granted in the form of RSUs which vested in March 2019. A payment of € 4,807 thou was made.

Individual remuneration: 2019 and 2018

€ thou (total might not sum up due to rounding)

	Jacqueline Hunt (Appointed: 07/2016)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	11	20	20	20	11	20	11	20
Total fixed compensation	761	995	995	995	761	995	761	995
Annual variable compensation								
Annual bonus	750	813	-	1,220	904	972	904	972
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,781	-	-
AEI 2019/RSU[4]	750	-	-	-	904	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	904	-	2,470	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,011	3,324	995	4,343	3,472	3,748	4,135	1,967
Pension service cost[6]	317	449	449	449	317	449	317	449
Total	**3,328**	**3,773**	**1,444**	**4,792**	**3,789**	**4,197**	**4,452**	**2,416**

	Dr. Helga Jung (Appointed: 01/2012; End of service: 12/2019)[8]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	172[7]	15	15	15	172[7]	15	172[7]	15
Total fixed compensation	922	990	990	990	922	990	922	990
Annual variable compensation								
Annual bonus	750	813	-	1,220	866	946	866	946
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,736	-	-
AEI 2019/RSU[4]	750	-	-	-	866	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	866	-	2,846	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	1,199
AEI 2014/RSU[4]	-	-	-	-	-	-	1,679	-
Total	3,172	3,319	990	4,338	3,520	3,672	6,313	3,135
Pension service cost[6]	441	506	506	506	441	506	441	506
Total	**3,612**	**3,825**	**1,496**	**4,844**	**3,961**	**4,178**	**6,753**	**3,641**

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.
2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".
3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.
4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.
5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016–2018, as adjusted based on the sustainability assessment. The MTB 2016–2018 was paid out in spring 2019.
6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.
7_Helga Jung received a payment of € 156 thou in 2018 for 25 years of service to Allianz.
8_The appointment of Helga Jung as member of the Board of Management of Allianz SE ended as of 31 December 2019. Helga Jung is bound by a broad post-contractual one year non-competition obligation under her service agreement. As compensation for this non-compete obligation she obtains a payment of 50% of her total target direct compensation (sum of base salary and target variable compensation), i.e. € 1,625.5 thou.

Individual remuneration: 2019 and 2018
€ thou (total might not sum up due to rounding)

	Dr. Christof Mascher (Appointed: 09/2009)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	8	9	9	9	8	9	8	9
Total fixed compensation	758	984	984	984	758	984	758	984
Annual variable compensation								
Annual bonus	750	813	-	1,220	819	946	819	946
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU[4]	750	-	-	-	819	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	819	-	2,743	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	1,426
AEI 2014/RSU[4]	-	-	-	-	-	-	1,669	-
Total	3,008	3,313	984	4,331	3,216	3,666	5,989	3,356
Pension service cost[6]	432	489	489	489	432	489	432	489
Total	**3,440**	**3,801**	**1,473**	**4,820**	**3,648**	**4,155**	**6,421**	**3,844**

	Niran Peiris (Appointed: 01/2018)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	105[7]	47	47	47	105[7]	47	105[7]	47
Total fixed compensation	855	1,022	1,022	1,022	855	1,022	855	1,022
Annual variable compensation								
Annual bonus	750	813	-	1,220	866	707	866	707
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,331	-	-
AEI 2019/RSU[4]	750	-	-	-	866	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	866	-	941	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,105	3,351	1,022	4,370	3,454	3,060	2,662	1,730
Pension service cost[6]	317	413	413	413	317	413	317	413
Total	**3,422**	**3,764**	**1,435**	**4,783**	**3,771**	**3,473**	**2,980**	**2,143**

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.
2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".
3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.
4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.
5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016–2018, as adjusted based on the sustainability assessment. The MTB 2016–2018 was paid out in spring 2019.
6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.
7_Niran Peiris received a one-time payment of € 50 thou to reimburse him for relocation cost.

Individual remuneration: 2019 and 2018

€ thou (total might not sum up due to rounding)

	Iván de la Sota (Appointed: 04/2018)[7]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	563	975	975	975	563	975	563	975
Perquisites	71[8]	18	18	18	71[8]	18	71[8]	18
Total fixed compensation	633	993	993	993	633	993	633	993
Annual variable compensation								
Annual bonus	565	813	-	1,220	639	840	639	840
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,562	-	-
AEI 2019/RSU[4]	565	-	-	-	639	-	-	-
MTB (2016 – 2018)[5]	565	-	-	-	639	-	695	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	2,328	3,322	993	4,341	2,549	3,395	1,967	1,833
Pension service cost[6]	266	488	488	488	266	488	266	488
Total	**2,594**	**3,810**	**1,481**	**4,829**	**2,815**	**3,883**	**2,233**	**2,321**

	Giulio Terzariol (Appointed: 01/2018)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	27	26	26	26	27	26	27	26
Total fixed compensation	777	1,001	1,001	1,001	777	1,001	777	1,001
Annual variable compensation								
Annual bonus	750	813	-	1,220	885	946	885	946
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU[4]	750	-	-	-	885	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	885	-	960	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,027	3,329	1,001	4,348	3,432	3,683	2,622	1,946
Pension service cost[6]	304	483	483	483	304	483	304	483
Total	**3,330**	**3,812**	**1,483**	**4,831**	**3,735**	**4,166**	**2,925**	**2,429**

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016–2018, as adjusted based on the sustainability assessment. The MTB 2016–2018 was paid out in spring 2019.

6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_Iván de la Sota joined the Allianz SE Board of Management on 1 April 2018. He received a pro-rated base salary, annual bonus, MTB tranche, and equity-related compensation. The different pro-rated amounts for base salary and target amounts result from different pro-rating methodologies, which are generally applied.

8_Iván de la Sota received a one-time payment of € 50 thou to reimburse him for relocation cost.

Individual remuneration: 2019 and 2018

€ thou (total might not sum up due to rounding)

	Dr. Günther Thallinger (Appointed: 01/2017)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	4	6	6	6	4	6	4	6
Total fixed compensation	754	981	981	981	754	981	754	981
Annual variable compensation								
Annual bonus	750	813	-	1,220	904	946	904	946
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU[4]	750	-	-	-	904	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	904	-	1,911	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,004	3,310	981	4,328	3,465	3,664	3,568	1,926
Pension service cost[6]	395	473	473	473	395	473	395	473
Total	**3,399**	**3,783**	**1,454**	**4,801**	**3,860**	**4,137**	**3,963**	**2,400**

	Dr. Axel Theis (Appointed: 01/2015)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2018	2019			2018	2019	2018	2019
	Target	Target	Min	Max				
Base salary	750	975	975	975	750	975	750	975
Perquisites	32	32	32	32	32	32	32	32
Total fixed compensation	782	1,007	1,007	1,007	782	1,007	782	1,007
Annual variable compensation								
Annual bonus	750	813	-	1,220	932	981	932	981
Deferred compensation								
LTI 2019 - 2020/RSU[4]	-	1,516	-	2,128	-	1,787	-	-
AEI 2019/RSU[4]	750	-	-	-	932	-	-	-
MTB (2016 – 2018)[5]	750	-	-	-	932	-	3,015	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
AEI 2014/RSU[4]	-	-	-	-	-	-	-	-
Total	3,032	3,336	1,007	4,354	3,578	3,775	4,729	1,988
Pension service cost[6]	510	564	564	564	510	564	510	564
Total	**3,542**	**3,900**	**1,571**	**4,919**	**4,087**	**4,340**	**5,238**	**2,552**

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016–2018, as adjusted based on the sustainability assessment. The MTB 2016–2018 was paid out in spring 2019.

6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

GERMAN ACCOUNTING STANDARD NO. 17 DISCLOSURE

The total remuneration to be disclosed for 2019 under the German Accounting Standard No. 17 is shown in the column "Actual grant" of the 2019 individual remuneration tables. The "total" excluding pension service cost, comprises the following relevant components: the base salary, perquisites, the annual bonus, and the fair value of the RSU grant.

For 2018, the disclosure required under the German Accounting Standard No. 17 is composed of the same components but includes the payout of the MTB 2016 – 2018:

- Oliver Bäte: € 9,386 thou,
- Sergio Balbinot: € 5,725 thou,
- Jacqueline Hunt: € 5,038 thou,
- Dr. Helga Jung: € 5,500 thou,
- Dr. Christof Mascher: € 5,140 thou,
- Niran Peiris: € 3,529 thou,
- Iván de la Sota: € 2,605 thou,
- Giulio Terzariol: € 3,507 thou,
- Dr. Günther Thallinger: € 4,472 thou,
- Dr. Axel Theis: € 5,661 thou.

The sum of the total remuneration of the Board of Management for 2019, excluding the pension service cost, amounts to € 39 mn (2018, including the payments of the MTB 2016 – 2018: € 51 mn). The corresponding amount, including pension service cost, equals € 44 mn (2018, including the payments of the MTB 2016 – 2018: € 55 mn).

SHARE-BASED REMUNERATION

In accordance with the method described earlier, a number of RSUs were granted to each member of the Board of Management in March 2020. They will vest and be settled in 2024.

Grants, outstanding holdings, and equity compensation expense under the Allianz Equity Program (AEI, until and including 2019) and the LTI from March 2020

Board members	RSU		Equity compensation expense 2019 € thou[2]
	Number of RSU granted on 6/3/2020[1]	Number of RSU held at 31/12/2019[1]	
Oliver Bäte	17,011	42,080	3,495
Sergio Balbinot	9,553	28,660	2,842
Jacqueline Hunt	9,467	15,175	1,166
Dr. Helga Jung	9,209	24,865	2,092
Dr. Christof Mascher	9,209	25,127	2,153
Niran Peiris	6,886	16,539	1,429
Iván de la Sota	8,176	15,217	1,322
Giulio Terzariol	9,209	14,471	1,287
Dr. Günther Thallinger	9,209	17,287	1,423
Dr. Axel Theis	9,553	27,885	2,305
Total	**97,482**	**227,306**	**19,514**

1_The relevant value of an RSU is only available after sign-off of the Annual Report by the external auditors, therefore numbers are based on a best estimate. As disclosed in the Annual Report 2018, the share-based grant in 2019 was made to participants as part of their 2018 remuneration. The disclosure in the Annual Report 2018 was based on a best estimate of the RSU grants. The actual grants deviated from the estimated values and have to be disclosed accordingly. The actual RSU grants as of 1 March 2019 under the Allianz Equity Incentive are as follows: Oliver Bäte: 10,422, Sergio Balbinot: 6,016, Jacqueline Hunt: 5,834, Dr. Helga Jung: 5,592, Dr. Christof Mascher: 5,290, Niran Peiris: 5,592, Iván de la Sota: 4,941, Giulio Terzariol: 5,713, Dr. Günther Thallinger: 5,834, Dr. Axel Theis: 6,016.

2_Grants of share-based remuneration are accounted for as cash-settled awards. The fair value of the RSUs granted is remeasured at each reporting date and accrued, as a compensation expense, proportionately over the vesting period.

PENSIONS

Company contributions to the current pension plan "My Allianz Pension" are generally 15% of total target direct compensation, reduced by an amount covering the death and occupational or general disability risk. They are invested in a fund with a guarantee on the contributions paid, but no further interest guarantee.

For members with pension rights under the now frozen defined-benefit plan, the above contribution rates are reduced by 19% of the expected annual pension from that frozen plan. In 2019, Allianz Group paid € 5 mn (2018: € 4 mn) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2019, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 41 mn (2018: € 31 mn).

In 2019 former members of the Board of Management and their dependents received remunerations and other benefits totaling € 8 mn (2018: € 8 mn), while reserves for current pension obligations and accrued pension rights totaled € 159 mn (2018: € 152 mn).

Individual pensions: 2019 and 2018
€ thou (total might not sum up due to rounding)

		Defined-benefit pension plan (frozen)			Contribution-based pension plan (frozen)[1]		Current pension plan		AVK/APV[2]		Transition payment[3]		Total	
Board of Management		Expected annual pension payment[4]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]
Oliver Bäte	2019	-	-	-	82	3,898	750	2,868	6	46	53	1,201	891	8,013
	2018	-	-	-	54	3,087	595	2,028	6	41	41	890	696	6,045
Sergio Balbinot	2019	-	-	-	4	32	429	1,836	3	9	-	-	435	1,877
	2018	-	-	-	-	28	357	1,351	2	7	-	-	360	1,386
Jacqueline Hunt	2019	-	-	-	-	-	449	1,270	-	-	-	-	449	1,270
	2018	-	-	-	-	-	317	820	-	-	-	-	317	821
Dr. Helga Jung	2019	62	61	1,814	19	2,221	417	1,773	10	253	-	-	506	6,062
	2018	62	60	1,498	26	1,841	345	1,301	9	221	-	-	441	4,861
Dr. Christof Mascher	2019	-	-	-	6	3,770	429	1,897	6	52	49	912	489	6,631
	2018	-	-	-	25	3,139	357	1,409	6	47	44	717	432	5,312
Niran Peiris	2019	-	-	-	-	-	413	751	-	-	-	-	413	751
	2018	-	-	-	-	-	317	322	-	-	-	-	317	322
Iván de la Sota	2019	14	11	377	42	61	426	710	9	122	-	-	488	1,270
	2018	14	-	303	-	34	266	268	-	96	-	-	266	701
Giulio Terzariol	2019	19	14	387	30	660	425	935	14	277	-	-	483	2,260
	2018	19	14	289	6	486	269	486	14	238	-	-	304	1,500
Dr. Günther Thallinger	2019	-	-	-	38	1,700	429	1,420	7	42	-	-	473	3,162
	2018	-	-	-	31	1,266	357	949	7	37	-	-	395	2,252
Dr. Axel Theis	2019	120	92	3,479	34	2,910	406	1,712	11	330	22	896	564	9,327
	2018	120	108	2,930	33	2,415	334	1,254	11	306	24	727	510	7,633

1_The service cost of the frozen contribution-based pension plan reflects the continued death and disability cover.
2_Plan participants contribute 3% of their relevant salary to the AVK. For the AVK the minimum guaranteed interest rate is 2.75% – 3.50% depending on the date of joining Allianz. In general, the company funds the balance required via the APV. Before Allianz's founding of the APV in 1998, both Allianz and the plan participants were contributing to the AVK.
3_For details on the transition payment, see section "Termination of service". In any event a death benefit is included.
4_Expected annual pension payment at assumed retirement age for the frozen defined-benefit pension plan, excluding current pension plan.
5_SC = service cost. Service costs are calculatory costs for the DBO related to the business year reported.
6_DBO = defined-benefit obligation, end of year. The figures show the obligation for Allianz resulting from defined benefit plans, taking into account realistic assumptions with regard to interest rate, dynamics, and biometric probabilities.

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2019, there were no outstanding loans by Allianz Group companies to members of the Board of Management.

SHAREHOLDINGS

Under the shareholding requirements, Members of the Board of Management must build share ownership within three years, i.e., a third every year **shareholding requirements.** As of 31 December 2019, the members of the Board of Management held the following numbers of shares:

Board members	Number of shares	Portfolio value at 31/12/2019 in € thou
Oliver Bäte	5,754	1,260
Sergio Balbinot	1,644	360
Jacqueline Hunt	1,644	360
Dr. Helga Jung	1,644	360
Dr. Christof Mascher	1,644	360
Niran Peiris	1,644	360
Iván de la Sota	1,644	360
Giulio Terzariol	1,644	360
Dr. Günther Thallinger	1,644	360
Dr. Axel Theis	1,644	360

OUTLOOK FOR 2020

NEW BOARD MEMBER

The remuneration of the new regular member of the Board of Management, Renate Wagner, has been set at the same level as for the other regular members of the Board of Management.

Remuneration of the Allianz SE Supervisory Board

The remuneration of the Supervisory Board is governed by the Statutes of Allianz SE and the German Stock Corporation Act. The structure of the Supervisory Board's remuneration is regularly reviewed with regard to its compliance with German, European, and international corporate governance recommendations and regulations.

REMUNERATION PRINCIPLES

- Set total remuneration at a level both aligned with the scale and scope of the Supervisory Board's duties and appropriate in view of the company's activities and its business and financial situation.
- Establish a remuneration structure that takes into account the individual functions and responsibilities of Supervisory Board members, such as chair, vice chair, or committee mandates.
- Establish a remuneration structure that allows proper oversight of business as well as independent decisions on executive personnel and remuneration.

REMUNERATION STRUCTURE AND COMPONENTS

The remuneration structure, which comprises fixed and committee-related remuneration only, was approved by the Annual General Meeting in 2018 and is laid down in the Statutes of Allianz SE.

FIXED ANNUAL REMUNERATION

The remuneration of a Supervisory Board member consists of a fixed cash amount paid pro rata temporis after the end of the respective quarter of the business year for services rendered over that period. In 2019 each regular Supervisory Board member received a fixed compensation amounting to € 125 thou per year. Each Vice Chairperson received € 187.5 thou, the Chairperson received € 250 thou.

COMMITTEE-RELATED REMUNERATION

The Chairperson and members of the Supervisory Board committees receive additional committee-related remuneration. The committee-related remuneration is as follows:

Committee-related remuneration
€ thou

Committee[1]	Chair	Member
Personnel Committee, Standing Committee, Risk Committee, Technology Committee	50	25
Audit Committee	100	50

1_Members of the Nomination Committee do not receive an additional remuneration.

ATTENDANCE FEES AND EXPENSES

In addition to the fixed and committee-related remuneration, members of the Supervisory Board receive an attendance fee of € 1,000 for each Supervisory Board or committee meeting they attend. Should several meetings be held on the same or consecutive days, the attendance fee will only be paid once. In addition, Allianz SE reimburses the Supervisory Board members for their out-of-pocket expenses and the VAT payable on their Supervisory Board service. The company provides insurance coverage and technical support to the Supervisory Board members to an extent reasonable for carrying out their Supervisory Board duties.

REMUNERATION FOR 2019

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,685 thou (2018: € 2,684 thou). The following table shows the individual remuneration for 2019 and 2018:

Individual remuneration: 2019 and 2018

€ thou (total might not sum up due to rounding)

Members of the Supervisory Board	Committees[1] A	N	P	R	S	T		Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Michael Diekmann	M	C	C	C	C	M	2019	250.0	225.0	9.0	484.0
(Chairman)	M	C	C	C	C	M	2018	250.0	225.0	9.0	484.0
Jim Hagemann Snabe		M			M	C	2019	187.5	75.0	6.0	268.5
(Vice Chairman)		M			M	C	2018	187.5	75.0	6.0	268.5
Gabriele Burkhardt-Berg			M			M	2019	187.5	50.0	6.0	243.5
(Vice Chairwoman)[4]			M[2]		M[3]	M	2018	145.8	50.0	7.0	202.8
Sophie Boissard	M						2019	125.0	50.0	9.0	184.0
	M						2018	125.0	50.0	8.0	183.0
Christine Bosse		M		M			2019	125.0	25.0	6.0	156.0
		M		M			2018	125.0	25.0	6.0	156.0
Dr. Friedrich Eichiner	C			M		M	2019	125.0	150.0	9.0	284.0
	C			M		M	2018	125.0	150.0	8.0	283.0
Jean-Claude Le Goaër[5]	M				M		2019	125.0	75.0	9.0	209.0
	M[5]				M[6]		2018	52.1	29.2	4.0	85.3
Martina Grundler	M						2019	125.0	50.0	7.0	182.0
	M						2018	125.0	50.0	8.0	183.0
Herbert Hainer			M		M		2019	125.0	50.0	6.0	181.0
			M		M		2018	125.0	50.0	7.0	182.0
Godfrey Robert Hayward				M			2019	125.0	25.0	6.0	156.0
				M			2018	125.0	25.0	6.0	156.0
Frank Kirsch[7]				M			2019	125.0	25.0	6.0	156.0
				M[7]			2018	41.7	8.3	2.0	52.0
Jürgen Lawrenz					M	M	2019	125.0	50.0	6.0	181.0
				M[8]	M	M[9]	2018	125.0	50.0	6.0	181.0
Total[10]							**2019**	**1,750.0**	**850.0**	**85.0**	**2,685.0**
							2018	**1,750.0**	**850.0**	**84.0**	**2,684.0**

Legend: C = Chairperson of the respective committee, M = Member of the respective committee

1_Abbreviations: A - Audit, N - Nomination, P - Personnel, R - Risk, S - Standing, T - Technology

2_Since 1 September 2018.

3_Until 31 August 2018.

4_Since 1 September 2018.

5_Since 1 August 2018.

6_Since 1 September 2018.

7_Since 1 September 2018.

8_Until 31 August 2018.

9_Since 1 September 2018.

10_The total reflects the remuneration of the full Supervisory Board in the respective year.

REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

As remuneration for his membership in the Supervisory Board of Allianz Deutschland AG, Mr. Frank Kirsch received € 40 thou for the 2019 financial year. Mr. Jürgen Lawrenz did not receive any remuneration for his service on the Supervisory Board of Allianz Technology SE. All current employee representatives of the Supervisory Board, except for Ms. Martina Grundler, are employed by Allianz Group companies and receive a market-based remuneration for their services.

LOANS TO MEMBERS OF THE SUPERVISORY BOARD

As of 31 December 2019, there were no outstanding loans by Allianz Group companies to members of the Supervisory Board.

OUTLOOK 2020

The remuneration of the Supervisory Board of Allianz SE was last amended by the Annual General Meeting on 9 May 2018. In light of the development of the supervisory board remuneration at peer companies, an amended remuneration of the Supervisory Board as well as a remuneration for members of the Nomination Committee will be proposed to the Annual General Meeting on 6 May 2020.

COMBINED SEPARATE NON-FINANCIAL REPORT

About the report

This section has been compiled in accordance with the Corporate Social Responsibility (CSR) Directive Implementation Act (EU Directive 2014/95/EU). It focuses on the concepts and key performance indicators (KPIs) that reflect our current most material sustainability issues. The KPIs included are the Net Promoter Score (NPS), the Inclusive Meritocracy Index (IMIX), and our environmental indicators (greenhouse gas (GHG) emissions per employee and percentage of green electricity). Based on our commitment to setting ourselves long-term climate targets, we are currently developing indicators and intermediary targets for the carbon performance of our proprietary investment portfolio for future reporting. For more information, please see **www.allianz.com/en/sustainability/low-carbon-economy/decarbonization.html**.

The concepts contained in this report are in line with the content of our 2019 Group Sustainability Report, which is compiled in accordance with the standards set out by the Global Reporting Initiative (GRI) and will be published in April 2020.

The 2019 non-financial reporting section covers the entire Allianz Group and also includes the relevant non-financial information for Allianz SE. Where Allianz SE's concepts and processes differ from those applied by the Allianz Group, they are described separately. All measures, activities, and key figures refer to the 2019 financial year (1 January 2019 to 31 December 2019). Unless otherwise stated, we use the control principle defined by the International Financial Reporting Standards when determining the scope of our reporting on behalf of our consolidated entities.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) has been engaged to perform a reasonable assurance engagement on the 2019 non-financial information. All 2019 data included in this report was assessed based on a reasonable-assurance engagement, whereas 2018 and baseline data on GHG emissions and Green electricity was assessed based on a limited-assurance engagement. For the "Independent Practitioner's Report on a Reasonable Assurance Engagement on Non-Financial Reporting" please refer to **page 175**.

Any references to information published outside the Group Management Report and Allianz SE's Management Report are supplementary, do not form an integral part of this non-financial information, and are not subject to an assurance engagement (unless specified in the respective document).

Company description

For information on our business model, please refer to Business Operations starting on **page 52**.

Corporate Responsibility Governance and Strategy

At Allianz, we aim to create sustainable economic value by pursuing a long-term approach to corporate governance, social responsibility, and environmental stewardship. This is critical to our business success, as we are committed to delivering on our promises to our stakeholders, in particular our customers, investors, and society as a whole. To deliver on our purpose "We Secure Your Future" and the ambition to be a global sustainability leader, we continually strive to adapt our business strategy to any issues that arise.

CORPORATE RESPONSIBILITY GOVERNANCE

The highest governing body at Allianz when it comes to sustainability-related issues is the Group ESG Board (ESG = Environment, Social, and Governance). Established in 2012, it is composed of three Allianz SE board members and meets quarterly. The Group ESG Board is responsible for the whole Corporate Responsibility agenda, including climate-related topics, the integration of ESG into our business lines and into the core processes related to insurance and investment, and the Allianz Group's corporate citizenship activities. The three board members each assume responsibility for specific sustainability topics; functional departments directly provide the Group ESG Board with regular updates on sustainability issues.

In addition to the Group ESG Board, there are other committees under board member leadership that play an important role in our decision-making processes:

- The Group Finance and Risk Committee oversees risk management and monitoring, including sustainability risk. The Committee is the point of escalation for ESG-related risk management, based on analysis and deliberations within the ESG Board.
- The Group Underwriting Committee monitors the underwriting business and related risk management. It also develops new underwriting policies and strategies.

Our group-level Corporate Responsibility (CR) management team is responsible for managing the strategic framework for all group-wide sustainability activities, developing and introducing relevant policies, reporting on non-financial matters, and supporting operating entities in integrating the Group's strategic approach and policies.

The corporate responsibility function reports to the Head of Group Communications and Corporate Responsibility at Allianz SE, who in turn reports directly to the CEO of Allianz SE. This ensures close alignment with the CEO's agenda.

Most matters described in this document are managed by the Group CR team. If a matter is managed by another function, it is highlighted in the relevant section.

STAKEHOLDER ENGAGEMENT & MATERIALITY

As we are a multinational business, the challenges we face are increasingly diverse and interconnected. We therefore ensure that our Corporate Responsibility Strategy takes into account our stakeholders' feedback, enabling us to respond to the most material issues we face. Related activities focus on the four stakeholder groups most immediately affected by our business activities: customers, employees, investors, and society as a whole. For lasting and sustainable success, we need to understand and respond to the changing world in which we operate. Our most recent materiality assessment was performed in 2019 to identify the issues our stakeholders believe to be most important to our business (for more details, please see our Sustainability Report 2019, **section 02.6** **www.allianz.com/sustainability**).

Survey results showed that of the megatrends and risks Allianz should be addressing through its Corporate Responsibility Strategy, these three are perceived as being most important:

- Climate change,
- Providing environmental and social products,
- Environmental issues.

The material topics and KPIs addressing those risks and megatrends are covered in this report. To understand the development, performance, and position of Allianz, it is necessary to consider these topics and the impact our business activities can have on them. All climate- and environment-related topics are covered in the section "Environmental matters"; product-related issues are covered in multiple sections such as "Social matters – emerging consumers concept and data privacy concepts".

CORPORATE RESPONSIBILITY STRATEGY

Within the three main themes of our Corporate Responsibility Strategy (Low-Carbon Economy, Social Inclusion, and Business Integration), we address risks and trends that might affect Allianz. Through our ESG Business Integration approach, we also look into social and environmental effects arising from our business activities and business relations. Finally, we seize business opportunities associated with sustainability matters; for example, in the areas of sustainable solutions and renewable energy investments.

RISK MANAGEMENT

As regards the requirements introduced through the CSR Directive Implementation Act in 2017, we have not identified any remaining principal risks resulting from our operations, business activities, and business relations that could have severe adverse effects on material non-financial matters. Any potential risks and impacts identified throughout our risk assessment have been addressed by the respective concepts we have in place, which we describe in this report.

As a global insurer, investor and asset manager, understanding ESG issues allows Allianz to reduce risks and capture opportunities in underwriting, claims, investment management, and asset management. We describe our ESG approach in the following section; our concepts for all other matters for which reporting is required will be addressed in subsequent chapters. The ESG approach provides part of the foundation for these concepts.

ESG APPROACH

The types of ESG risks Allianz considers to be material in its insurance and investment activities are summarized in the Allianz ESG Integration Framework. ESG risks can turn into legal risks, reputational risks, supply chain and business disruption risks, quality risks, operational risks, human rights risks, financial risks, and/or investment risks for Allianz, its customers, and/or its invested companies.

ESG topics are integrated in our insurance, investment, and asset management business through multiple instruments. They include internal standards, guidelines, and processes such as the Allianz Standard for Reputational Risk and Issue Management (AS RRIM), the Allianz Standards for Underwriting (ASU) and the Allianz ESG Functional Rule for Investments (EFRI). An overview of the Group's key ESG integration processes is described below:

- In the field of underwriting and investments in non-listed asset classes, ESG risks have been managed through the ESG-sensitive business guidelines outlined in the AS RRIM since 2014. For investments in listed asset classes, the Allianz ESG Scoring Approach (defined in EFRI) is applied to manage related risks. Since December 2016, the ESG Scoring has provided Allianz investment and asset managers with ESG performance information to be included in investment decisions.

- As far as investments are concerned, Allianz has excluded investments in companies involved in controversial weapons[1] since 2011, and in coal-based business models[2] since November 2015. The criteria for the exclusion of coal-based business models were expanded in 2018.
- For its Property-Casualty insurance business, Allianz has decided to no longer cover single-site coal-fired power plants and coal mines that are being operated or planned as of 2018. Existing contracts with such facilities will not be renewed when they expire.
- Further ESG-related measures include our systematic engagement with investee companies, launched in 2017 and rolled out in 2018, as well as ESG considerations in our selection and management of asset managers.

Data related to our ESG integration approach will be included in our Group Sustainability Report 2019, to be published in April 2020. An in-depth overview of our approach and processes to integrating ESG is published in the Allianz ESG Integration Framework at **www.allianz.com/esg-framework**.

In the Asset Management business segment, AllianzGI and PIMCO have developed and implemented their own processes to manage risks and capture opportunities from ESG issues. For proprietary assets that AllianzGI and PIMCO manage on behalf of other Allianz Group entities, group-level requirements are complemented by the asset management entities' own approaches.

Environmental matters

This section describes the impact of environmental matters on our business activities and relationships, as well as the impact of Allianz's activities and relationships on the environment. Furthermore, we describe our concepts for the management of these impacts and related achievements.

CONCEPTS

Within our Corporate Responsibility Strategy, the pillar entitled "Low-Carbon Economy" addresses climate change and environmental issues, which were both identified among the three most material risks and megatrends. As a company dealing with risk, managing the impact on environmental matters is an important part of our approach. Climate change is a major risk for the societies in which we operate. It also directly affects our business, including everything from our in-house operations to our investments and our insurance products. We are committed to tackling the climate challenge by supporting the transition to a low-carbon economy through our investments and insurance solutions. In addition, we manage the emissions from our operations and strive to remain a carbon-neutral company.

CLIMATE CHANGE STRATEGY

At Allianz, we anticipate the risks of climate change. We care for our customers through our insurance products, while using our leverage as one of the world's largest institutional investors to enable the transition to a low-carbon economy.

We are committed to making climate protection an integral part of our core business, as well as to setting ourselves long-term climate targets for our proprietary investments and business operations that are in line with the goals of the Paris Climate Agreement. Specifically, we are committed to the long-term target of reducing the carbon emissions from our proprietary investments to net-zero by 2050. To achieve this target and to support the real economy in their low-carbon transition, we participate in the UN-convened Net Zero Asset Owner Alliance.

Our Climate Change Strategy anticipates the risks associated with a changing climate across our lines of business. For the investment business, we consider climate-related criteria such as carbon emissions, energy efficiency, vulnerability to climate change, and opportunities in clean tech as part of our ESG integration approach for listed and non-listed assets. We systematically engage with investee companies exposed to high ESG risks. Furthermore, we enter into active dialog with companies, encouraging them to define and implement their own climate strategies in line with the latest scientific findings. For further insights into Allianz's ESG engagement approach, please refer to our Sustainability Report 2019, **section 03.2** **www.allianz.com/sustainability**.

In addition, we have decided in 2015 to stop financing coal-based business models. Also, we no longer insure single-site coal-fired power plants and coal mines that are operated or planned as of 2018. We are committed to fully phasing out coal-based business models across our proprietary investments and property-casualty portfolios by 2040 at the latest, and are further developing our approach to reach this target.

We care for our customers and advise them on how to reduce risks and minimize damage, while compensating those who have suffered losses. We are also developing insurance solutions for climate-vulnerable people in developing countries.

We enable positive change as an insurer, developing and offering insurance solutions for renewables technologies and energy efficiency. For instance, we contribute to financing a low-carbon economy by making equity and debt investments in renewable energies. Allianz also offers a variety of funds for institutional investors seeking to invest in low-carbon assets such as renewable energy or green bonds. For further information on renewable energy investments, please refer to note 6 to our Consolidated Financial Statements.

Furthermore, we actively support the expansion of companies' climate-related disclosures. We report on climate-related opportunities and risks based on the framework developed by the G20's Task Force on Climate related Financial Disclosures (TCFD). The disclosure can be found in our Sustainability Report 2019, **section 05.1** **www.allianz.com/sustainability**.

1_Cluster munitions, anti-personnel landmines, chemical and biological weapons.

2_Utilities generating 30 % or more of their electricity from thermal coal and/or planning more than 0.5 gigawatts of coal capacity additions, and/or having to retire more than 50 % of their generation capacities in the next ten years to be in line with the 2°C ceiling, as well as mining companies generating 30 % or more of their revenue from thermal coal.

Achievements and targets

Climate Change Strategy
- Status/progress:
  - We actively contributed to setting up the UN-convened Net-Zero Asset Owner Alliance, a group of asset owners committed to reduce the carbon emissions of their investment portfolios to net-zero by 2050.
  - We further worked on the implementation of our coal exclusion approach in proprietary investments and property-casualty underwriting.

- Targets:
  - Set long-term and intermediary climate targets for our proprietary investments and business operations in line with the goals of the Paris Climate Agreement in 2020.
  - Fully phase out coal-based business models across our proprietary investments and property-casualty portfolios by 2040 at the latest.
  - Reduce carbon emissions from proprietary investments to net-zero by 2050.

ENVIRONMENTAL CONCEPT
At Allianz, we are committed to effectively managing our most significant impact on the environment, which includes prevention of pollution. We work to continually improve the environmental performance of our operations. Specifically, we seek to:

- reduce the amount and carbon intensity of the energy consumed by our operations, for instance by ensuring an energy-efficient planning, construction, and operation of buildings,
- reduce the environmental impact of our business travel,
- use resources efficiently, in particular paper and water, and
- minimize the environmental impact of waste by avoiding, reducing, re-using, and recycling it as appropriate.

Further, we include various environmental factors in our sourcing and procurement processes. By doing that, we seek to raise suppliers' and contractors' awareness of our environmental commitment and to encourage them to act accordingly.

Our group-wide Environmental Management System (EMS) provides standards and controls, supports environmental data collection, and promotes transparent reporting on environmental impacts across our operations. It guides us in monitoring and managing our use of resources. Operational implementation is monitored by the Group Environmental Officer, and supported by the Board of Management of Allianz SE.

Achievements and targets
To ensure effective and coherent actions, we have set the following targets for the most material topics.

GHG emissions per employee, Allianz Group
- Status/progress: In 2019, our carbon footprint per employee was 2.4 tons (2018: 2.7). This represents a 35% reduction mainly as a result of energy efficiency through data center consolidation, against a 2010 baseline. We are well on track to achieve our 2020 targets.
- Target: Reduce carbon emissions by 30% per employee by 2020, against a 2010 baseline[1].

GHG emissions per employee, Allianz SE[2]
- Status/progress: In 2019, our carbon footprint per employee was 2.7 tons (2018: 3.0). This represents a 4% reduction against the 2016 baseline[1], due to improvements in energy efficiency, internal initiatives to manage business travel and an increase in headcount.
- Target: Reduce carbon emissions by 2% per employee by 2020, against a 2016 baseline[1].

Green electricity, Allianz Group
- Status/progress: In 2019, we achieved a share of 49% green electricity in the total electricity used (2018: 45%); this is due to the expansion of green electricity use in the U.S. and Europe.
- Target: Achieve 100% green electricity for our operations by 2023.

Green electricity, Allianz SE[2]
- Status/progress: In 2019, we achieved a share of 100% green electricity in the total electricity used (2018: 100%) at our Munich headquarters, which are certified to ISO 14001.
- Target: Achieve 100% green electricity for our operations by 2023.

Allianz undertakes reasonable efforts to collect relevant environmental data from all its entities and their operations. Within the scope of our environmental reporting are entities that have been part of Allianz for a full reporting year at minimum. In 2019, Allianz collected environmental data for 95.5% of the total employee base. Data is based on source information including meter readings (where available), invoice amounts (where available) and estimations from entities. Where data could not be determined with reasonable effort through measuring, calculating, or estimating, it is extrapolated based on employee headcount. Data is extrapolated for either part of an entity or for entire entities. The basis for these extrapolations is the total headcount of the individual entity or of the Group and, for extrapolating:

- part of an entity, the entity's average values are used,
- entire entities, the Group's average values are used.

This enables performance monitoring as well as comparison and benchmarking of entities using comparable system boundaries. Please note that the reported CO_2 values refer to the sum of Scope 1, 2, and 3 based on the Greenhouse Gas (GHG) Protocol. CO_2 emissions considered for Scope 3 are business travel, paper use, and energy-related emissions such as transmission and distribution losses. Scope 2 emissions are calculated based on market-based factors and Allianz applies CO_2 conversion factors mainly from IEA and DEFRA.

1_Baseline data was assessed based on a limited-assurance engagement.

2_2016 baseline and 2018 Allianz SE data was adjusted to the physical scope of our Munich headquarter location. Allianz RE and international hubs are included in our Group reporting. The majority of the environmental impacts reported are in scope of an SE environmental management system certified to ISO14001.

Social matters

This section describes the impact of social matters on our business activities and relationships as well as the impact of Allianz's activities and relationships on society as a whole. In addition, we describe the concepts and achievements related to the management of these impacts with a focus on social inclusion, emerging consumers, responsible consumer/sales policies, and data privacy.

SOCIAL INCLUSION CONCEPTS

As a global insurer, we rely on the principle of solidarity. Pooling risks is at the heart of our business model, and we have a keen interest in creating stable communities. Civil unrest, social tensions, and societal upheaval all represent major business risks for Allianz. Of course, we are also interested in empowering people and improving their access to employment, which, in turn, provides a basis for creating the talented and diverse workforce we rely on.

We believe that social inclusion is one of the most important challenges society faces today, which is why we have made it one of the three top priorities for our Corporate Responsibility Strategy as of 2016. True to our role as an insurer, employer, and committed corporate citizen, we want to contribute to creating more inclusive societies. We offer a range of solutions to emerging consumers, which are designed to provide people access to financial services suited to their needs. Inside the company, we support social inclusion through our diversity and well-being programs, as well as by supporting specific groups such as women in management and people with disabilities. Our social contributions include time, skills, and money.

Social inclusion activities are reviewed at Group level by the Group Corporate Responsibility Team. The Group ESG Board is informed regularly on the progress made. As an Insurer, Employer, and Committed Corporate Citizen, we annually report our progress in each role in the Emerging Consumers Report, the People Fact Book, and the Sustainability Report.

ENCOURAGING FUTURE GENERATIONS PROGRAM (CONCEPT)

We believe social inclusion – particularly among children and youth – must be encouraged to tackle the complex challenge of social instability and increasing polarization of societies. Therefore, Allianz's Encouraging Future Generations Program, which was launched in 2016, aims to break down barriers facing children and young people and invests in social ventures to increase their impact and create a multiplier effect. Building on successful projects carried out by our operating entities, the program provides the global framework and focus to scale up Allianz's social contribution.

Our group-wide initiatives are:
- a partnership with SOS Children's Villages International,
- our Social Innovation Fund, and
- the Allianz Future Generations Award.

Achievements and targets

Social Inclusion
- Status/Progress:
  - After a successful pilot in 2018, the Online Mentoring Program with SOS Children's Villages was expanded by another 100 mentors in 2019. The program aims to develop young people's employability and their transition into the job market by providing them with relevant guidance and building their self-confidence.
  - In the past three years, we granted funds to 26 social projects across the globe through our Social Innovation Fund, and collaborated with impact-oriented ventures through the Allianz Future Generations Award. For further details on our Encouraging Future Generations Program, please refer to our Sustainability Report 2019, **section 02.3** and **section 04.9**.
- Target:
  - Increase our reach to children and youth by 2020 in line with our Corporate Citizenship strategy.
  - Increase partnerships with SOS Children's Villages by 2021.

EMERGING CONSUMERS CONCEPT

We continue to support low-income consumers in Asia, Africa, and Latin America, where a majority of people are still severely underinsured. Responsibility for managing the emerging-consumers business lies with the local Allianz operating entities. We are determined to expand our range of offerings to emerging consumers, in order to continue closing the protection gap for people who need access to low-cost financial services tailored to their needs.

As many of those markets lack an established financial services infrastructure, our emerging consumers approach places a key focus on digitalization. To make the most of existing opportunities, we are partnering with digital businesses to distribute and expand our reach in these markets, for example through mobile-phone-based insurance products. Further information on the Allianz Emerging Consumer concept is disclosed in the **Emerging Consumers Report**.

Achievements and targets
- Status/progress: Allianz continues to expand its access to emerging consumers with new digital offerings by collaborating with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners. Following the investment in 2017, the strategic partnership with BIMA was deepened further in 2019 when Allianz started underwriting BIMA portfolios in several markets.
- Target: We aim to continue our expansion in Africa, Asia, and Latin America and to support a growing number of emerging consumers.

RESPONSIBLE CONSUMER / SALES CONCEPTS

Our strong reputation is built on customers', shareholders', employees' and the general public's trust in our integrity. This trust depends on the quality of our products, the way we inform and advise our customers, and the personal conduct and capability of our sales employees and representatives.

Since 2011, we have had a global Sales Compliance Program in place, which describes standardized processes and controls for communication, monitoring, and review. The program is managed by the Compliance team. Recent initiatives include an enhancement of product governance principles and guidance to deal with the low-interest-rate environment in life insurance; in this context, we have implemented the Allianz Standard for Retail Risk Management in 2018.

Another key feature of our responsible sales concept are our Allianz Broker Remuneration Principles, which state that "Allianz commits itself not to devise or agree to remuneration schemes that are aimed at inducing brokers to act to the detriment of our customers or to distort fair competition." We have defined Minimum Standards for Asset Management Marketing Practices, which, among other things, include the principles of truthful, clear, and accurate information on investment styles and philosophies. These responsible sales controls are in line with the Allianz Code of Conduct for Business Ethics and Compliance, which is globally binding. The Code specifies that Allianz Group employees must not, either by their actions or statements, seek to mislead the market or individual customers; also, when establishing a customer relationship or providing financial services to a client, the customer must be provided with the information needed to make a reasonable decision. A responsible sales approach is more likely to create customer satisfaction – and satisfied customers, in turn, are more likely to be loyal and to recommend us. Our customers' interests take priority whenever they seek advice from us and exemplary sales practices are of particular importance.

Since 2006, we have been measuring customer loyalty using the Net Promoter Score (NPS). NPS measures our customers' willingness to recommend Allianz, and the top-down NPS is applied regularly according to global cross-industry standards, allowing benchmarking against competitors in the respective markets. In 2016 we refined the NPS methodology and established a group-wide standard for retail end customer NPS, which helps to rate Allianz businesses along key business drivers like brand, product, price and service. At the same time, we introduced our Customer Excellence Program to systematically measure customer experience, identify key areas for improvement, and pursue an integrated approach to enhance the drivers of customer satisfaction along the entire customer journey, as opposed to at individual touch points.

In 2018 and 2019, we have taken this structured collection of insights to the next level: We established a more continuous approach to monitoring and improving customer journeys by introducing the five-star rating program – a standard rating method allowing customers to state their satisfaction level on a five-point scale, and to do this on various touchpoints along the claims journey. Whenever customers make a claim against us, after its settlement we ask them to rate their satisfaction on a five-star scale. When their rating is three stars or less, we follow up to ensure we resolve whatever issue there may be, and to prevent the same thing from happening with other customers. We aim at publishing all customer feedback online for full transparency, visible to our existing and prospective customers.

Complaints are another important source of customer feedback and we analyze them closely to identify potential improvements. All NPS and customer feedback-related matters are managed by the Group Strategy, Marketing, Distribution team.

Achievements and targets

Responsible sales:

– Status/progress: The Allianz Standard for Retail Risk Management outlines rules and principles to ensure that Allianz companies offer fair and transparent products. We will continue the review of new products so that these are in line with the parameters set out in the Standard.
– Target: Adjust the overall Sales Compliance Framework to simplify and consolidate this framework.

Global NPS performance, Allianz Group:

– Status/progress: In 2019, 70% of the business segments of Allianz Group's entities scored above market or in a loyalty leader position (2018: 74%). This drop in share of outperforming segments is due to four segments having decreased to "at market," while two improved from an "at market" to an "above market" position.
– Ambition: 75% plus of Allianz Group business segments of our entities score above market or in a loyalty leader position in 2021.

In order to ensure we will meet our global ambitions for 2021, dedicated "NPS activation workshops" will continue to be organized in 2020 with all operating entities in scope to identify performance gaps and set up concrete action plans.

DATA PRIVACY CONCEPTS

Digitalization enables more people to access insurance products. We embrace the resulting opportunities through our Digital by Default strategy, which was implemented along with our Data Privacy Renewal Agenda in 2015. Digitalization, however, also comes with data privacy and protection risks. Data privacy matters are managed by the Data Privacy function. We take these risks very seriously, and we are enforcing robust security and privacy controls to give our customers comfort that their personal data is safe and secure.

Our Allianz Privacy Framework includes a global standard for data privacy, a privacy impact assessment and risk management process, integration with information security core functions, and employee training programs on the appropriate procedures to process our customers', employees', and third-party partners' personal data. All measures are subject to regular audit and assurance activities.

The Allianz Privacy Standard defines rules and principles for collecting and processing personal data. Established in 2018, it sets out six privacy principles we expect all our employees to respect: due care, purpose specification, reasonable limitation, transparency and openness, choice and consent, and privacy by design. We also publish a Privacy Notice, which clearly states what information we collect and why.

As part of our Privacy Risk Management, we consider the identification and management of privacy risks an integral part of our operational processes. Therefore, we measure, monitor, and remediate risks across Allianz's core businesses. For so-called high exposure processes that use personal data, we carry out so-called Privacy Impact Assessments (PIAs) to allow early identification of high-risk areas and ensure they are appropriately managed over the project lifecycle, including when changing an existing product or service.

In 2016, we introduced an application across all Allianz Group companies to facilitate the execution of PIAs. In conjunction with training sessions, the PIA tool permits a more uniform approach to the assessment and mitigation of privacy risks across the Allianz Group. Privacy risks are also included in Allianz's Integrated Risk and Control System (IRCS).

Equally important is the security of the personal data we handle. As part of our robust Information Security Framework, we globally apply strict security processes, standards, and tools. The framework also defines minimum requirements that are based on the ISO 27001 Standard for information security management. This standard specifies various requirements for three fields: vulnerability assessment along the software development value chain (including penetration tests and security audits), systems monitoring via multi-level security systems, and effective IT security management and business continuity management.

We keep abreast of regulatory and industry developments and aim to reflect these in our operational and governance processes and procedures. For example, in response to the changes in the E.U. General Data Protection Regulation (GDPR) that came into force in May 2018, we initiated the Allianz Privacy Renewal Program (APRP) – a major effort to align our privacy practices with the requirements of the GDPR. More recently, we have addressed new data privacy developments in Brazil, India, and the United States, among other jurisdictions.

Digital Privacy Guidelines provide guidance on privacy-related topics impacting digital projects – both privacy by design (as part of new product and service design processes) and privacy by default (which means that wherever individuals are given choices on the use and sharing of their personal data, default settings restrict disclosure). In response to the unique ethical issues posed by Allianz's digital endeavors, in 2019, a data ethics working group was established to guide the ethical implementation of digital solutions into our businesses.

Achievements and targets

- Status/Progress:
  - During 2019, we continued the efforts begun in 2016, as we worked with Allianz Group companies and other Group centers on the group-wide implementation of the APRP. As we approached full implementation of the APRP in the European Economic Area, we began the transition to a business-as-usual environment.
  - Accordingly, the emphasis and, along with it, resources have been shifted from the implementation of the privacy program to monitoring activities, including onsite reviews. These efforts focus on the maturation of our group-wide privacy activities.
- Targets:
  - Implement the APRP across all Allianz Group companies by mid- 2020.
  - In 2020, we will target a sample of Allianz operating entities for data privacy reviews.

Human rights matters

This section describes the impact of human rights issues on our business activities and relationships, as well as the impact of Allianz's activities and relationships on human rights issues. We describe the concepts and achievements related to the management of those impacts. As a financial services provider, these relate mainly to insurance transactions, direct investments, and our supply chain.

CONCEPTS

We are committed to applying key human rights principles such as the United Nations Universal Declaration of Human Rights across our entire organization. As a participant in the United Nations Global Compact since 2002, we have integrated its ten principles into our globally binding Code of Conduct. We annually communicate our progress, covering both human rights and labor standards.

Since 2015, we require our vendors to sign a Vendor Code of Conduct, which stipulates the fair labor requirements our vendors must meet, the aim being to prevent modern slavery in the supply chain and to ensure compliance with the Declaration of Human Rights. All vendors with a spend volume greater than € 250,000 undergo a vendor integrity screening based on the requirements of the Allianz Standard for Procurement. As of 2017, the Vendor Code of Conduct as well as a series of questions related to ESG risks have been established as prerequisites for our sourcing activities and for contracting into the supplier onboarding process in our supply chain management system. Screening data and information on compliance with the Code of Conduct forms part of the Procurement KPI Reporting.

As part of our support and engagement for these human rights principles, we also take an active stance against modern slavery and human trafficking through a risk-based approach across our business and supply chain. In its 2018 Allianz Group – Modern Slavery Statement, the Group confirms that over the five preceding years, no incident of modern slavery, human trafficking, or child labor has been found involving any of the Allianz Group entities.

For insurance transactions and direct investments such as real estate, infrastructure, and private equity, we address ESG risks using our sensitive business referral process. This mandatory process is triggered via specific sectors of business transactions or through the country the transaction is taking place in. Please refer to our ESG approach on **page 42** for further details on the concepts.

Achievements and targets

- Status/progress:
  - Human rights are integrated into our ESG risk framework and are therefore part of our core due diligence processes on sensitive business transactions. For further details, please refer to our Sustainability Report 2019, **section 02.4** or our **ESG Integration Framework**.
  - No issues were raised in regard to human rights issues in accordance with the Modern Slavery Act in 2019.
  - The consultation draft for the PSI-ESG in Underwriting project that includes human rights-relevant criteria was published in February 2019.
- Targets:
  - Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance and investment decisions.
  - Conduct a review of U.K. and Group Modern Slavery Statement in 2020.
  - Publish a full first version of the PSI-ESG in Underwriting Guidance for property-casualty insurance by the second quarter of 2020.

Employee matters

This section describes the impact of employee matters on our business activities and relationships as well as the impact of Allianz's business activities and relationships on employees. Furthermore, we describe the concepts and achievements related to the management of these impacts. All employee matters are managed by the Group HR function.

CONCEPTS

Our employees are one of our most valuable assets and key to the success of our company. Without them, it would be impossible to deliver on our business strategy and achieve our goals. Therefore, the importance of retaining our best people and keeping them motivated and committed by managing and rewarding talent, promoting inclusivity and employee rights, and supporting employees' well-being and engagement cannot be overstated.

These aspirations are underpinned by our strategic HR frameworks, principles, and tools, including our globally consistent 4x3 People Attributes – Customer and Market Excellence, Collaborative Leadership, Entrepreneurship and Trust – along the entire people value chain: from recruiting and talent management to learning and performance management.

We make employee engagement a high priority as we work to build a committed workforce that excels by integrity and maintains a strong customer focus. In all these aspects, the Allianz Engagement Survey (AES), introduced in 2010, has been established as a valuable employee feedback platform.

As part of the AES, we use the Inclusive Meritocracy Index (IMIX) to measure progress towards a culture where both people and performance matter, in order to enable employees to reach their full potential. As of 2015, the IMIX comprises 10 AES items covering the areas of leadership, performance, and corporate culture.

The results of the AES (and thus the IMIX) are directly linked to the performance objectives of the Group's Board of Management. The Group's Chief HR Officer is responsible for all people-related activities and is a member of the Board of Management as of 1 January 2020.

As a follow-up action to the AES and sponsored by the CEO, the VOICE initiative brought together employees from different levels and functions to work on key focus areas within the field of employee engagement. In the course of the ongoing implementation of 2018 ideas, three new ideas were developed and implemented in the VOICE 2019 initiative:

- Meet Me in the Middle – a strategic communication toolbox to support managers and teams in discussing and engaging on the Allianz purpose and strategy;
- EmpowerAZ – an internal crowdsourcing platform to foster a more innovative culture;
- Help-to-Optimize (H2O) – a process optimization effort aiming to enhance the onboarding and employee experience of incoming colleagues.

Our Board of Management has continually shown strong commitment to inclusion and diversity (I&D). The Allianz Global Inclusion Council (composed of senior leaders such as board members, regional CEOs, the Global Head of Communications, and Communities from different entities) sets annual priorities, determines the global diversity strategy, and accepts sponsorships for various diversity programs. In 2019, we continued to focus on three priorities: gender equality, employee networks, and inclusion. Many supporting initiatives were directed at generating dialog around the topic of inclusion and inviting employees to reflect on their motivation for inclusion.

Achievements and targets

IMIX for Allianz Group:
- Status/progress: 73% IMIX score in 2019 (+2%-p).
- Target: IMIX of 73% plus in 2021.

With this ambitious IMIX target, we intend to further drive the change towards an inclusive meritocracy within Allianz. We are well on track to achieve our 2021 targets for the Allianz Group and continue to roll out global initiatives with the goal to maintain, if not further improve, the results.

IMIX for Allianz SE:
- Status/progress: 73% IMIX score in 2019 (+4%-p).
- Target: IMIX of 72% in 2021.

Although 2021 targets were already reached this year for Allianz SE, the VOICE initiative will be continued to improve results further.

Compliance/anti-corruption and bribery matters

This section describes the impact of compliance matters on Allianz's business activities and relationships as well as the impact of Allianz's activities and relationships on compliance. Furthermore, the concepts and achievements related to the management of these impacts are described, with a focus on the compliance management system, anti-corruption, and bribery matters. All compliance matters are overseen by the Compliance team.

CONCEPTS AND PROGRAMS

One key element of our risk management framework is our Compliance Management System (CMS), which helps to ensure compliance with internationally recognized laws, rules and regulations, and to promote a culture of integrity in order to safeguard the company's reputation. We take a proactive stance, working with organizations such as the German Institute for Compliance and the Global Insurance Chief Compliance Officers Forum (CCO Forum) to enhance our understanding of compliance issues and to share best practices.

Compliance risk is covered as part of the operational risk in Allianz's Integrated Risk and Control System (IRCS). Since 2017, all relevant entities conducted an annual compliance risk assessment based on the compliance risk scenarios, which together with the maturity assessments form the annual cycle of our integrated compliance risk scoping and assessment activities. In 2019, for the third cycle, the following top inherent compliance risks were identified:

- Data privacy,
- Customer protection,
- Economic sanctions,
- Money laundering,
- Anti-trust, and
- Regulatory compliance.

In view of new and upcoming regulatory requirements, and expectations, the compliance risks associated with IT regulations, increased oversight requirements and conduct-related standards are growing in significance.

To ensure continuous improvement in how we address compliance risks, these risks are regularly assessed, monitored, and reported throughout the Group. Our Compliance Quality Assurance Program, rolled out in 2012, is comprised of self-assessments (risk and maturity assessments), independent on-site reviews, local spot checks, and testing of key controls. An online compliance issue management tool provides an overview of mitigating activities and key risk indicator tracking. In addition, our online compliance case management tool provides consistent group-wide management of and oversight over all compliance cases. It also facilitates reporting to the Audit Committee of the Allianz SE Supervisory Board and to the Integrity Committee, which coordinates the Allianz SE and Group activities concerning integrity-related topics, such as the prevention and detection of corruption and fraud or the handling of whistleblowing cases.

We continue to strengthen the risk-based focus of compliance control reviews and testing. We also continue to improve the supporting IT solutions in place to optimize and harmonize these activities, including our reporting across the Group and the quality of the data collected. Our compliance assurance approach includes baseline reviews to assess the compliance of newly acquired entities, risk-based targeted and baseline reviews of existing entities, and key control testing.

As part of our global compliance program, we follow international standards and applicable laws related to corruption and bribery, money laundering and terrorism financing, trade and financial sanctions, capital markets, data privacy, customer protection, antitrust, and other relevant compliance risk areas. We investigate allegations of breaches of laws as well as breaches of Allianz rules.

We take a zero-tolerance approach to fraud and corruption, which includes adherence to local and international anti-corruption and anti-bribery laws. Above and beyond mere compliance, the Allianz Anti-Corruption Program, established in 2010, is a group-wide program that defines the standards for a consistent and comprehensive approach in every jurisdiction.

Directed at both our employees and third parties, the Anti-Corruption policy and program prohibits the offer, acceptance, payment, or authorization of any bribe or other form of corruption in dealing with either the private sector or government authorities. Anti-corruption training is compulsory for all employees.

The obligations laid down in the various compliance programs are derived from the Allianz Code of Conduct for Business Ethics and Compliance and detailed in various Allianz Standards – specifically, the Economics Sanctions, the Anti-Money Laundering, the Antitrust, the Data Privacy, and the Anti-Corruption Standards.

Achievements and targets

- Status/progress: Completed the third cycle of our integrated compliance risk scoping and assessment activities as part of the company's IRCS.

- Targets:
  - Complete the fourth cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process in 2020.
  - Continue to focus on assessing the effectiveness of the implemented mitigating measures via the risk and maturity assessment.

GROUP MANAGEMENT REPORT

C

BUSINESS OPERATIONS

Allianz Group structure

Allianz SE and its subsidiaries (the Allianz Group) offer property-casualty insurance, life/health insurance, and asset management products and services in over 70 countries, with the largest of our operations located in Europe. The Allianz Group serves more than 100 million private and corporate customers. Allianz SE, the parent company of the Allianz Group, has its headquarters in Munich, Germany.

The Allianz Group's structure reflects both our business segments and geographical regions. Business activities are organized by product and type of service, based on how these are strategically managed: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into property-casualty and life/health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into regional reportable segments. In 2019, the Allianz Group had 11 reportable segments.

Allianz Group structure – business segments and reportable segments[1]

PROPERTY-CASUALTY	LIFE/HEALTH
– German Speaking Countries and Central & Eastern Europe – Western & Southern Europe and Asia Pacific – Iberia & Latin America, Allianz Partners and Allianz Direct – Global Insurance Lines & Anglo Markets, Middle East and Africa	– German Speaking Countries and Central & Eastern Europe – Western & Southern Europe and Asia Pacific – Iberia & Latin America – USA – Global Insurance Lines & Anglo Markets, Middle East and Africa
ASSET MANAGEMENT	**CORPORATE AND OTHER**
– Asset Management	– Corporate and Other

Insurance operations

We offer a wide range of property-casualty and life/health insurance products to both retail and corporate customers. For the Property-Casualty business segment, these include motor, accident, property, general liability, travel insurances, and assistance services; the Life/Health business segment offers savings and investment-oriented products in addition to life and health insurance. We are the leading property-casualty insurer worldwide and rank among the top five in the life/health insurance business[2]. Our key markets (in terms of premiums) are Germany, France, Italy, and the United States.

Most of our insurance markets are served by local Allianz companies. However, some business lines – such as Allianz Global Corporate & Specialty (AGCS), Allianz Partners (AP), and Euler Hermes – are run globally.

Asset Management

Our two major investment management entities, PIMCO and AllianzGI, operate under the governance of Allianz Asset Management (AAM). We are one of the largest asset managers in the world that actively manage assets. Our offerings cover a wide range of equity, fixed income, cash, and multi-assets products as well as a strongly growing number of alternative investment products, such as infrastructure debt/equity, real assets, liquid alternatives, and solution business. Our core markets are the United States, Canada, Germany, France, Italy, the United Kingdom, and the Asia-Pacific region.

Corporate and Other

The Corporate and Other business segment's activities include the management and support of the Allianz Group's businesses through its central Holding functions, Banking and Alternative as well as Digital Investments. The Holding functions manage and support the Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Our Banking operations, which place a primary focus on retail clients, support our insurance business and complement the products we offer in Italy, France, and Bulgaria. Digital Investments identifies and invests in digital growth companies and provides digital investment management services and an interface between portfolio companies and the Allianz Group. Alternative Investments provides global alternative investment management services in the real estate sector, mostly on behalf of our insurance operations.

1_For further information on organizational changes, please refer to the Executive Summary of 2019 Results.

2_Based on currently available peer data. Final peer analysis not available until after publication of this Annual Report.

Worldwide presence and business segments

Market presence of our business operations[1]

Insurance German Speaking Countries, Insurance Central & Eastern Europe	Property-Casualty	Life/Health	Banking
Germany	■	■	
Switzerland	■	■	
Central & Eastern Europe			
Austria	■	■	
Bulgaria	■	■	■
Croatia	■	■	
Czech Republic	■	■	
Hungary	■	■	
Poland	■	■	
Romania	■	■	
Slovakia	■	■	
Russia	■	■	
Ukraine	■		
Insurance Western & Southern Europe and Asia Pacific			
Europe			
Italy	■	■	■
Greece	■	■	
Turkey	■	■	
France	■	■	■
Belgium	■	■	
The Netherlands	■	■	
Luxembourg	■	■	
Asia Pacific			
China	■	■	
Hong Kong[2]	■		
Indonesia	■	■	
Japan[2]	■		
Laos	■		
Malaysia	■	■	
Pakistan		■	
Philippines		■	
Singapore[2]	■		
Sri Lanka	■	■	
Taiwan		■	
Thailand	■	■	
India	■	■	
Insurance Iberia & Latin America, Allianz Partners and Allianz Direct			
Iberia			
Spain	■	■	
Portugal	■	■	
Latin America			
Argentina	■		
Brazil	■	■	
Colombia	■	■	
Mexico	■	■	
Allianz Partners			
Allianz Partners	■	■	
Allianz Direct			
Allianz Direct	■		
US life insurance			
United States		■	

Global insurance lines & Anglo markets, Insurance Middle East and Africa	Property-Casualty	Life/Health	Retail Asset Management	Institutional Asset Management
Global insurance lines & Anglo markets				
United Kingdom	■			
Australia	■	■		
Ireland	■			
Allianz Global Corporate & Specialty	■			
Euler Hermes	■			
Reinsurance	■	■		
Middle East				
Egypt	■	■		
Lebanon	■	■		
Saudi Arabia	■	■		
Africa				
Cameroon	■	■		
Congo Brazzaville	■			
Ghana	■			
Ivory Coast	■	■		
Kenya	■	■		
Madagascar	■	■		
Morocco	■	■		
Nigeria	■	■		
Senegal	■	■		
Asset Management				
North and Latin America				
United States			■	■
Canada			■	■
Brazil			■	■
Europe				
Germany			■	■
Austria			■	■
France			■	■
Italy			■	■
Ireland			■	■
Luxembourg			■	■
Spain			■	■
Switzerland			■	■
Belgium			■	■
The Netherlands			■	■
United Kingdom			■	■
Sweden			■	■
Asia Pacific				
Japan			■	■
Hong Kong			■	■
Taiwan			■	■
Singapore			■	■
China			■	■
Australia			■	■

■ Property-Casualty ■ Life/Health ■ Banking ■ Retail Asset Management ■ Institutional Asset Management

1_This overview is based on our organizational structure as of 31 December 2019.
2_Property-Casualty business belongs to Allianz Global Corporate & Specialty.

Our steering

BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our business segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other. In 2019 they were overseen by five board members. The following divisions focus on Group functions and come with business-related responsibilities: Chairman of the Board of Management; Finance, Controlling and Risk; Investment Management; Operations and Allianz Services; Human Resources, Legal, Compliance and M&A; and Business Transformation[1].

For further information on Board of Management members and their responsibilities, please refer to Mandates of the Members of the Board of Management on page 10.

TARGET SETTING AND MONITORING

The Allianz Group steers its operating entities and business segments via an integrated management and control process. It begins with the definition of a business-specific strategy and goals, which are discussed and agreed upon between the Holding and operating entities. Based on this strategy, our operating entities prepare three-year plans which are then aggregated to form the financial plans for the business divisions and for the Allianz Group as a whole. This plan also forms the basis for our capital management. The Supervisory Board approves the plan and sets corresponding targets for the Board of Management. The performance-based remuneration of the Board of Management is linked to short-term and long-term targets to ensure effectiveness and emphasize sustainability. For further details about our remuneration structure, including target setting and performance assessment, please refer to the Remuneration Report starting on page 23.

We continuously monitor our business performance against these targets through monthly reviews – which cover key operational and financial metrics – to ensure we can move quickly and take appropriate measures in the event of negative developments. The Allianz Group uses operating profit and net income as key financial performance indicators across all its business segments. Other indicators include segment-specific figures, such as the combined ratio for Property-Casualty, return on equity[2] for Life/Health, and the cost-income ratio for Asset Management. We also use new business margins for Life/Health. For a comprehensive view of our business segment performance, please refer to the chapters from page 52 onwards.

Besides performance steering, we also have a risk steering process in place, which is described in the Risk and Opportunity Report starting on page 76.

Non-financial key performance indicators (KPIs) are used to assess the organizational health of Allianz and are reflected in the annual bonus. In line with our Renewal Agenda 2.0 motto "Simplicity Wins", Customer Centricity and employee commitment – the two key levers identified – are reflected in two KPIs: the Net Promoter Score (NPS[3]) and the Inclusive Meritocracy Index. For further information on non-financial KPIs, please refer to the Combined Separate Non-Financial Report for the Allianz Group and Allianz SE (according to §§289b (3), 315b (3), sentence 1, sentence 2 in conjunction with §298(2) of the HGB) on page 41.

1_This member of the Board of Management also oversees Insurance Iberia & Latin America, Allianz Partners, and Allianz Direct.
2_Excluding unrealized gains/losses on bonds net of shadow accounting.
3_NPS is a measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross-industry standards and allows benchmarking against competitors in the respective markets.

BUSINESS ENVIRONMENT

Economic environment 2019[1]

A record high level of uncertainty was the main feature of the year 2019. The trade conflict between the US and China rapidly escalated. Uncertainty cost more in terms of GDP growth than the tariffs (world GDP grew by 2.5% in 2019 compared with 3.1% in 2018). Companies faced a very rapid increase of their inventories because of a mismatch between global supply and demand. The trade conflict coupled with the difficulties of the automotive sector pushed global trade in goods into recession. Hence, global manufacturing production fell into recession as well in the third quarter of 2019. In this context, both the US and the Eurozone economies significantly decelerated as they grew by 2.3% and 1.2% respectively, in 2019, compared to 2.9% and 1.9% in 2018.

A more broad-based recession did not occur, thanks to swift and sizeable monetary policy reactions. The number of central banks initiating a monetary policy easing in 2019 reached a record high since 2009. There was no hesitation to use unconventional tools to inject liquidity both at the Fed and the ECB levels as they decided to restart purchase of securities in 3Q2019 at a pace of USD 60 bn per month and € 20 bn per month respectively. Alongside more fiscal support, this accommodative stance of economic policies has supported domestic-oriented sectors, notably construction activities and services. The easing of monetary policies triggered a downward movement in government bond yields. Between December 2018 and December 2019, the 10-year US Treasury yield declined from 2.7% to 1.9%, while the 10-year Bund yield declined from +0.2% to -0.3%.

Protests escalated across regions, such as in Hong Kong and several countries in Latin America (Chile, Colombia), while the Yellow Vests' protests continued in France in the first half year 2019. Geopolitical tensions also prevailed in the Middle East, particularly between Saudi Arabia and Iran and between the US and Iran. In this environment of high uncertainty, political risk is expected to remain high over the medium-term.

Business environment 2019 for the insurance industry

Trade war, Brexit, street protests, geopolitical tensions, negative interest rates: Headwinds blew fiercely in 2019 for the insurance industry. The industry, however, proved to be remarkably resilient: In 2019, too, it kept on growing and remained profitable.

In the **property-casualty sector**, underwriting discipline and market hardening helped to restore underwriting profitability across the board. The biggest market, however – the US property-casualty market – was still challenged by the phenomenon called "social inflation" where significant increases in jury awards led to spiraling claims costs in some business lines. On the other hand, overall and insured losses caused by natural catastrophes were in line with the long-term average – despite an elevated number of events. As a result, industry profitability remained at least stable – despite the drag of low investment yields – and premium growth was relatively robust, although weakening trade and industrial dynamics had a negative impact on certain business lines. As usual, emerging markets powered ahead, driven in part by double-digit growth in the heavyweights China and India and the recovery in Latin America. Overall and at a global scale, premiums rose by an estimated 4% to 5% in 2019 (in nominal terms and adjusted for foreign currency translation effects).

In the **life sector**, the industry has finally come to grips with the low-yield environment, revamping their business model and product suite accordingly. Thus and against the backdrop of booming stock markets, demand for savings products in advanced markets at last stabilized. Emerging markets, on the other hand, showed significantly higher growth, as China rebounded after the regulatory-induced slump in the previous year. Overall and at a global scale, premiums rose by an estimated 4.5% to 5.5% in 2019 (in nominal terms and adjusted for foreign currency translation effects). Global industry profitability, however, remained challenging as yields sank ever deeper in negative territory.

Business environment 2019 for the asset management industry

Beginning 2019, the asset management industry was severely affected by the market downturn in the fourth quarter of 2018. Despite ongoing political and economic uncertainties, we saw a strong rebound of capital markets – already at the beginning of 2019 – spurred by an accommodative monetary policy throughout the year. Both bonds and especially global equities saw a year of stellar returns with the MSCI World Index increasing by 28% in 2019, more than wiping out the capital market dip in the fourth quarter of 2018.

In view of the volatile, overall positive capital market development, long-term net inflows were recorded throughout the year in almost all asset classes: Long-term net inflows in Europe were driven by bonds and multi-assets funds, while the U.S. profited from strong net inflows in bonds in active and in passive products; overall, actively managed equities recorded net outflows. Passive products recorded strong net inflows in the U.S. in almost all asset classes.

1_At the date of the publication of this report, not all general market data for the year 2019 used in the chapter Business Environment was final. Also, please note that the information provided in this chapter is based on our estimates.

EXECUTIVE SUMMARY OF 2019 RESULTS

KEY FIGURES

Key figures Allianz Group[1]

		2019	2018	Delta
Total revenues[2]	€ mn	142,369	132,283	10,086
Operating profit[3]	€ mn	11,855	11,512	344
Net income[3]	€ mn	8,302	7,703	598
thereof: attributable to shareholders	€ mn	7,914	7,462	452
Solvency II capitalization ratio[4]	%	212	229	(17) %-p
Return on equity[5]	%	13.6	13.2	0.4 %-p
Earnings per share	€	18.90	17.43	1.47
Diluted earnings per share	€	18.83	17.30	1.54

Earnings summary

MANAGEMENT'S ASSESSMENT OF 2019 RESULTS

Our **total revenues** grew 5.9% on an internal basis[6], compared to 2018. Our Life/Health business segment recorded a strong sales increase for single premium capital-efficient products in Germany, as well as higher sales of non-traditional variable annuity products in the United States. Our Property-Casualty business segment also registered strong premium growth, mainly at AGCS, Allianz Partners, and in Germany. In our Asset Management business segment, higher assets under management (AuM) driven revenues and performance fees led to revenue growth.

Our **operating profit** increased by 3.0% and was in the upper half of the target range for 2019. Much of this improvement was owed to the Life/Health business segment, which recorded a higher investment margin, an extension of the DAC amortization period in the fixed index annuity business, and volume growth. Our Asset Management business segment also increased its operating profit, mainly due to higher average third-party AuM and positive foreign currency translation effects. By contrast, our Property-Casualty business segment was affected by lower run-off (due to a strengthening of reserves at AGCS) as well as a lower operating investment income, slightly offset by a lower expense ratio. The Corporate and Other business segment recorded an improved operating result, much of which was owed to profitability improvements at our internal IT service provider.

Our **operating investment result** increased by € 4,565 mn to € 23,854 mn, due to a higher trading result, lower equity impairments, and higher realizations on debt securities.

Our **non-operating result** improved by € 335 mn to a loss of € 778 mn, due to higher non-operating realized gains/losses (net) and a lower amortization of intangible assets (after 2018 had been burdened by a negative impact from the sale of our traditional life insurance portfolio in Taiwan).

Income taxes increased by € 80 mn to € 2,776 mn, due to higher income before taxes. The effective tax rate decreased to 25.1% (2018: 25.9%), mostly due to higher tax-free income.

Net income increased as a result of the growth in our operating profit and non-operating result, as well as a slightly lower tax rate.

Our **shareholders' equity**[7] grew € 12.8 bn to € 74.0 bn, largely due to a € 10.7 bn increase in unrealized gains and losses (net) and a net income attributable to shareholders of € 7.9 bn. A dividend payout of € 3.8 bn and completion of our fourth share-buy-back program (with a total volume of € 1.5 bn[8] and 7.3 million shares) partly offset this increase. Our **Solvency II capitalization ratio** was strong at 212%.

For a more detailed description of the results generated by our business segments – specifically, Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other – please consult the respective chapters on the following pages.

Other information

RECENT ORGANIZATIONAL CHANGES

Due to the immateriality of the former reportable segments Banking and Alternative Investments, in 2019 they were combined with the former reportable segment Holding & Treasury to form the new reportable segment Corporate and Other. Previously reported information has been adjusted to reflect this change.

In the course of 2019, there were some more, albeit minor reallocations between the reportable segments.

Other parts of the Group Management Report

The Group Management Report also entails the following sections:

- Statement on Corporate Management pursuant to § 315d and § 289f of the HGB starting on **page 18**,
- Takeover-Related Statements and Explanations starting on **page 21**, and the
- Remuneration Report starting on **page 23**.

1_For further information on Allianz Group figures, please refer to note 4 to the Consolidated Financial Statements.
2_Total revenues comprise Property-Casualty total revenues (gross premiums written and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking). Total revenues in Property-Casualty now include fee and commission income. Prior year figures were adjusted accordingly.
3_The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and of the Group as a whole.
4_Figures as of 31 December.
5_Represents the ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.
6_Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 74 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole.
7_For further information on shareholders' equity, please refer to the Balance Sheet Review.
8_For further information on the share buy-back program, please refer to note 19 to the Consolidated Financial Statements.

PROPERTY-CASUALTY INSURANCE OPERATIONS

KEY FIGURES

Key figures Property-Casualty[1]

		2019	2018	Delta
Total revenues[2]	€ mn	59,156	55,401	3,755
Operating profit	€ mn	5,045	5,725	(680)
Net income	€ mn	3,983	4,302	(319)
Loss ratio[3]	%	68.0	66.0	2.0 %-p
Expense ratio[4]	%	27.5	28.0	(0.5) %-p
Combined ratio[5]	%	95.5	94.0	1.5 %-p

Total revenues[6]

On a nominal basis, we recorded a significant increase in **total revenues** compared to the previous year.

This includes favorable foreign currency translation effects of € 196 mn[7] and positive (de)consolidation effects of € 969 mn. On an internal basis, our revenues went up 4.7 %, driven by a positive price effect of 2.6 % and a positive volume effect of 2.0 %.

The following operations contributed positively to internal growth:

AGCS: Total revenues grew to € 9,117 mn – an increase of 9.5 % on an internal basis. Main drivers were price increases in our Property, Financial Lines, MidCorp, and Aviation lines of business.

Allianz Partners: Total revenues went up 6.8 % on an internal basis, totaling € 6,650 mn. Much of this increase was owed to positive volume effects in our U.S. travel business.

Germany: Total revenues amounted to € 10,736 mn, an internal growth of 2.3 %. It was mainly caused by positive volume and price effects in our retail motor and property lines of business.

One operation weighed on internal growth:

Spain: Total revenues fell to € 2,398 mn, a decrease of 1.6 % on an internal basis. It was largely due to negative volume effects in our motor business.

Operating profit

Operating profit
€ mn

	2019	2018	Delta
Underwriting result	1,997	2,578	(581)
Operating investment income (net)	2,840	3,017	(178)
Other result[1]	208	130	78
Operating profit	**5,045**	**5,725**	**(680)**

1_Consists of fee and commission income/expenses and other income/expenses.

We saw a strong decrease in **operating profit**, most of it driven by our underwriting result, with some additional negative impact from our operating investment income.

A decrease in our **underwriting result** was due to a lower level of run-off, partially offset by a lower expense ratio which benefited from premium growth and productivity initiatives, with our accident year loss ratio remaining stable. Our **combined ratio** deteriorated by 1.5 percentage points to 95.5 %.

Underwriting result
€ mn

	2019	2018	Delta
Premiums earned (net)	51,328	48,305	3,023
Accident year claims	(35,959)	(33,845)	(2,114)
Previous year claims (run-off)	1,059	1,981	(921)
Claims and insurance benefits incurred (net)	(34,900)	(31,864)	(3,035)
Acquisition and administrative expenses (net)	(14,119)	(13,542)	(577)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(312)	(320)	8
Underwriting result	**1,997**	**2,578**	**(581)**

1_Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 26 to the Consolidated Financial Statements.

Our **accident year loss ratio**[8] was 70.1 % as in the previous year. Losses from natural catastrophes were € 771 mn, compared to € 934 mn in 2018. This translates into a positive effect on our combined ratio of 0.4 percentage points, as the impact from natural catastrophes decreased from 1.9 percentage points in 2018 to 1.5 percentage points in 2019; however, higher large losses offset this improvement.

Leaving aside the losses from natural catastrophes, our accident year loss ratio deteriorated by 0.4 percentage points to 68.6 % due to said rise in large losses.

1_For further information on Allianz Property-Casualty figures, please refer to note 4 to the Consolidated Financial Statements.
2_Total revenues in Property-Casualty include fee and commission income. Prior year figures were adjusted accordingly.
3_Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4_Represents acquisition and administrative expenses (net) divided by premiums earned (net).
5_Represents the total of acquisition and administrative expenses (net) plus claims and insurance benefits incurred (net), divided by premiums earned (net).
6_We comment on the development of our total revenues on an internal basis, which means figures have been adjusted for foreign currency translation and (de-)consolidation effects to provide more comparable information.
7_Based on the average exchange rates in 2019 compared to 2018.
8_Represents claims and insurance benefits incurred (net) less previous year claims (run-off), divided by premiums earned (net).

The following operations weighed on the development of our accident year loss ratio:

Reinsurance: 0.2 percentage points. The deterioration was largely driven by a rise in internal exposure to large losses.

Italy: 0.1 percentage points. This was due to a higher level of large losses.

One operation contributed positively to the development of our accident year loss ratio:

AGCS: 0.4 percentage points. The accident year loss ratio benefited from a very benign impact from natural catastrophes and weather-related claims.

Our run-off result was € 1,059 mn – after € 1,981 mn in 2018 –, translating into a run-off ratio of 2.1 %. Reserve releases stemmed from our operations in Italy, Reinsurance, and Australia, whereas a strengthening of reserves at AGCS in our Liability and Financial Lines lines of business caused lower run-off compared to 2018. Excluding AGCS's run-off, our run-off ratio would have been 3.2 % in 2019.

Total expenses amounted to € 14,119 mn in 2019, after € 13,542 mn in the previous year. Our expense ratio improved significantly by 0.5 percentage points to 27.5 %, benefiting from strong premium growth and productivity initiatives. Both the acquisition as well as the administrative expense ratio contributed positively.

Operating investment income (net)
€ mn

	2019	2018	Delta
Interest and similar income (net of interest expenses)	3,314	3,329	(15)
Operating income from financial assets and liabilities carried at fair value through income (net)	(57)	(49)	(8)
Operating realized gains (net)	204	160	44
Operating impairments of investments (net)	(42)	(112)	69
Investment expenses	(426)	(397)	(29)
Expenses for premiums refunds (net)[1]	(153)	86	(239)
Operating investments income (net)[2]	**2,840**	**3,017**	**(178)**

1_Refers to policyholder participation, mainly from APR business (accident insurance with premium refunds), reported within "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 26 to the Consolidated Financial Statements.

2_The operating investment income (net) of our Property-Casualty business segment consists of the operating investment result – as shown in note 4 to the Consolidated Financial Statements – and expenses for premium refunds (net) (policyholder participation).

Our operating investment income (net) decreased, mainly because in Germany there had been a one-off change in policyholder participation in APR business in 2018, which had partly been offset in the underwriting result.

Other result
€ mn

	2019	2018	Delta
Fee and commission income	1,946	1,765	180
Other income	153	30	122
Fee and commission expenses	(1,888)	(1,660)	(228)
Other expenses	(2)	(6)	4
Other result	**208**	**130**	**78**

Our other result benefited from a property sale in Germany.

Net income

Our net income decreased by € 319 mn, mainly due to the decline in operating profit. The effect was only partially offset by lower income taxes and a higher non-operating result, with the latter benefiting from an increase in our non-operating investment result.

LIFE/HEALTH INSURANCE OPERATIONS

KEY FIGURES

Key figures Life/Health[1]

		2019	2018	Delta
Statutory premiums[2]	€ mn	76,426	70,450	5,976
Operating profit	€ mn	4,708	4,152	555
Net income	€ mn	3,523	2,837	686
Return on equity[3]	%	12.7	11.4	1.3 %-p

Statutory premiums[4]

On a nominal basis, **statutory premiums** went up 8.5 %. This includes favorable foreign currency translation effects of € 833 mn as well as positive (de-)consolidation effects of € 29 mn. On an internal basis, statutory premiums increased by 7.3 % – or € 5,114 mn – to € 75,556 mn.

Statutory premiums in the **German** life business grew to € 27,743 mn, a 23.2 % rise on an internal basis. It was largely attributable to higher single premium sales in our business with capital-efficient products. In the German health business, statutory premiums reached € 3,575 mn – a 3.5 % increase on an internal basis, which was due to the acquisition of new customers in supplementary health care coverage as well as premium adjustments in comprehensive health care coverage.

In the **United States,** statutory premiums amounted to € 12,265 mn. This 7.5 % growth on an internal basis was mainly driven by sales initiatives resulting in higher sales for non-traditional variable annuity products.

In **Italy,** statutory premiums dropped to € 10,816 mn, translating into a 6.7 % decrease on an internal basis. This was predominantly due to lower sales in our business with unit-linked products, where we had seen a high base value in 2018.

In **France,** statutory premiums declined to € 8,119 mn, a 2.9 % drop on an internal basis. This was largely driven by a decline in sales of our unit-linked products without guarantee, part of which was compensated by higher sales in our business with protection & health products.

In the **Asia-Pacific** region, statutory premiums stood at € 5,586 mn. Most of this drop – 7.3 % on an internal basis – was due to a sales decrease in unit-linked products in Taiwan, and could not entirely be compensated by higher sales in both unit-linked products in Indonesia and protection & health products in Malaysia.

Present value of new business premiums (PVNBP)[5]

Our **PVNBP** increased by € 7,937 mn to € 70,898 mn, most of which resulted from higher sales of our capital-efficient products in the German life business and of our non-traditional variable annuities in the United States. The positive effects were partly offset by lower sales of unit-linked products in Italy, Taiwan, as well as in France.

Present value of new business premiums (PVNBP) by lines of business
%

	2019	2018	Delta
Guaranteed savings & annuities	18.9	18.0	0.9
Protection & health	15.4	14.7	0.7
Unit-linked without guarantee	20.2	25.8	(5.6)
Capital-efficient products	45.5	41.5	4.0
Total	**100.0**	**100.0**	**-**

Operating profit[6]

OPERATING PROFIT BY PROFIT SOURCES[7]

Operating profit by profit sources
€ mn

	2019	2018	Delta
Loadings and fees	6,644	6,148	496
Investment margin	4,038	3,794	244
Expenses	(7,392)	(7,043)	(349)
Technical margin	1,174	1,218	(45)
Impact of changes in DAC	243	34	209
Operating profit	**4,708**	**4,152**	**555**

Our **operating profit** increased mainly due to an improved investment margin, which was driven by lower impairments and higher realizations especially in France and Germany. Another contributing factor was a change in the amortization period for deferred acquisition costs in the United States: It was extended from 20 to 25 years for fixed index annuities with lifetime income, as an experience analysis had revealed an increase in persistency rates. Finally, we also recorded volume growth in the German life business, the United States, and the Asia-Pacific region.

1_For further information on Allianz Life/Health figures, please refer to note 4 to the Consolidated Financial Statements.
2_Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3_Represents the ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.
4_In this section, our comments in the following section on the development of statutory gross premiums written refer to values determined "on an internal basis", i.e. adjusted for foreign currency translation and (de-) consolidation effects, in order to provide more comparable information.
5_PVNBP before non-controlling interests.
6_Prior year figures changed in order to reflect the roll-out of profit source reporting to Mexico.
7_The purpose of the analysis of Life/Health operating profit sources is to explain movements in IFRS results by analyzing underlying drivers of performance, consolidated for the Life/Health business segment.

LOADINGS AND FEES[1]

Loadings and fees
€ mn

	2019	2018	Delta
Loadings from premiums	4,322	3,941	381
Loadings from reserves	1,596	1,509	87
Unit-linked management fees	726	697	29
Loadings and fees[1]	**6,644**	**6,148**	**496**
Loadings from premiums as % of statutory premiums	5.7	5.6	0.1
Loadings from reserves as % of average reserves [1,2]	0.3	0.3	-
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.5	0.5	-

1_Aggregate policy reserves and unit-linked reserves.
2_Yields are pro rata.
3_Unit-linked management fees, excluding asset management fees, divided by unit-linked reserves.

Loadings from premiums increased in line with higher sales, mainly of capital-efficient products in our German life business, but also in the Asia-Pacific region and in our business with protection & health products in France. Loadings from reserves went up, mostly due to higher reserve volumes in our German life business and in the United States, and remained stable in relation to reserves. Unit-linked management fees also grew, particularly in Italy, supported by an increase in assets under management.

INVESTMENT MARGIN[2]

Investment margin
€ mn

	2019	2018	Delta
Interest and similar income	18,648	17,883	765
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,707)	(3,351)	1,645
Operating realized gains/losses (net)	5,997	4,945	1,052
Interest expenses	(121)	(104)	(17)
Operating impairments of investments (net)	(1,201)	(2,465)	1,265
Investment expenses	(1,592)	(1,382)	(210)
Other[1]	636	898	(262)
Technical interest	(9,071)	(8,763)	(307)
Policyholder participation	(7,552)	(3,867)	(3,685)
Investment margin	**4,038**	**3,794**	**244**
Investment margin in basis points[2,3]	86	86	-

1_"Other" comprises the delta of out-of-scope entities, on the one hand, which are added here with their respective operating profit and different line item definitions compared to the financial statements, such as interest paid on deposits for reinsurance, fee and commission income, and expenses excluding unit-linked management fees on the other hand. For 2018, it also includes a change in our U.S. fixed index annuity business, with € 683 mn shifted from "Impact of change in DAC" into the "Investment margin" – for further information please refer to note 2 to the Consolidated Financial Statements in the Annual Report 2018, chapter "Reserves for insurance and investment contracts", paragraph "Aggregate policy reserves" and Reconciliations.
2_Investment margin divided by the average of current end-of-period and previous end-of-period aggregate policy reserves.
3_Yields are pro rata.

Our investment margin went up: In France, lower impairments on both equities and debt securities, due to favorable market conditions, as well as higher realized gains were only partly offset by an increase in policyholder participation. In the United States, positive developments included favorable foreign currency translation effects and an unlocking of assumptions in the variable annuity business. In our German life business, we recorded higher realizations mainly from debt instruments, lower impairments predominantly from equities, and an increased interest income, which together outweighed higher policyholder participations.

1_Loadings and fees include premium and reserve based fees, unit-linked management fees, and policyholder participation in expenses.

2_The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).

EXPENSES[1]

Expenses
€ mn

	2019	2018	Delta
Acquisition expenses and commissions	(5,570)	(5,219)	(352)
Administrative and other expenses	(1,821)	(1,824)	2
Expenses	**(7,392)**	**(7,043)**	**(349)**
Acquisition expenses and commissions as % of PVNBP[1]	(7.9)	(8.3)	0.4
Administrative and other expenses as % of average reserves[2,3]	(0.3)	(0.3)	-

1_PVNBP before non-controlling interests.
2_Aggregate policy reserves and unit-linked reserves.
3_Yields are pro rata.

Acquisition expenses and commissions went up as sales increased, above all, in our German and U.S. life business as well as in the Asia-Pacific region. This was partly offset by lower unit-linked sales in Italy and a shift towards less expensive distribution channels in France.

TECHNICAL MARGIN[2]

Our **technical margin** declined, particularly because the combined ratio in our protection & health business in France worsened. Positive effects from the Asia-Pacific region and the United States partly compensated for this development.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)[3]

Impact of change in DAC
€ mn

	2019	2018	Delta
Capitalization of DAC	1,813	1,829	(16)
Amortization, unlocking, and true-up of DAC	(1,570)	(1,795)	225
Impact of change in DAC	**243**	**34**	**209**

An improvement in the **impact of change in DAC** was attributable to the extension of the DAC amortization period in our U.S. business.

OPERATING PROFIT BY LINES OF BUSINESS

Operating profit by lines of business
€ mn

	2019	2018	Delta
Guaranteed savings & annuities	2,421	1,995	426
Protection & health	851	885	(34)
Unit-linked without guarantee	552	449	103
Capital-efficient products	883	823	60
Operating profit	**4,708**	**4,152**	**555**

The operating profit in our **guaranteed savings & annuities** line of business increased, largely due to improved investment margins in the United States and in France. A lower operating profit in our **protection & health** line of business was most driven by the lower technical margin in France. Our operating profit in the **unit-linked without guarantee** line of business went up, much of which was a consequence of higher unit-linked management fees in Italy and in France. The increase in operating profit in the **capital-efficient products** line of business was mostly due to an improved investment margin in the German life business.

Net income

Our **net income** increased by € 686 mn. This was largely attributable to the higher operating profit in 2019. The sale of our traditional life insurance portfolio in Taiwan in 2018 – which had generated a negative net impact of € 218 mn in the previous year – also supported this development.

Return on equity

Our **return on equity** went up by 1.3 percentage points to reach 12.7 %.

1_Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.
2_The technical margin comprises the risk result (risk premiums less benefits in excess of reserves less policyholder participation), the lapse result (surrender charges and commission clawbacks) and the reinsurance result.
3_The impact of change in DAC includes effects of the change in DAC, unearned revenue reserves (URR), and the value of business acquired (VOBA). It represents the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the IFRS financial statements.

ASSET MANAGEMENT

KEY FIGURES

Key figures Asset Management[1]

		2019	2018	Delta
Operating revenues	€ mn	7,164	6,732	432
Operating profit	€ mn	2,704	2,530	175
Cost-income ratio[2]	%	62.3	62.4	(0.2) %-p
Net income	€ mn	1,992	1,922	70
Total assets under management as of 31 December	€ bn	2,268	1,961	307
thereof: Third-party assets under management as of 31 December	€ bn	1,686	1,436	250

Assets under management

Composition of total assets under management

€ bn

Type of asset class	As of 31 December 2019	As of 31 December 2018	Delta
Fixed income	1,801	1,553	248
Equities	170	143	27
Multi-assets[1]	177	160	17
Alternatives	120	105	15
Total	**2,268**	**1,961**	**307**

1_The term “multi-assets” refers to a combination of several asset classes (e.g. bonds, stocks, cash and real property) used as an investment. Multi-asset class investments increase the diversification of an overall portfolio by distributing investments over several asset classes.

Net inflows[3] of **total assets under management** (AuM) amounted to € 74.2 bn in 2019 (2018: € 15.4 bn net outflows) – third-party net inflows were € 75.8 bn (2018: € 3.5 bn net outflows). The full year’s net inflows were attributable to PIMCO (€ 79.5 bn total and € 83.3 bn third-party). AllianzGI, on the other hand, recorded total net outflows of € 5.3 bn and third-party net outflows of € 7.5 bn for the year, with the fourth quarter 2019 having seen net inflows again.

Positive effects from market and dividends[4] totaled € 193.5 bn. Of these, € 132.3 bn came from PIMCO and were mainly related to fixed-income assets, while € 61.2 bn came from AllianzGI and were contributed by all asset classes.

Positive effects from consolidation, deconsolidation, and other adjustments added € 12.1 bn to total AuM. This was mostly attributable to PIMCO’s first consolidation of Gurtin Municipal Bond Management (Gurtin) in January 2019.

Favorable foreign currency translation effects amounted to € 26.9 bn and, for the most part, supported PIMCO’s AuM.

Third-party assets under management

		As of 31 December 2019	As of 31 December 2018	Delta
Third-party assets under management	**€ bn**	**1,686**	**1,436**	**17.4%**
Business units' share				
PIMCO	%	78.8	77.8	1.0 %-p
AllianzGI	%	21.2	22.2	(1.0) %-p
Asset classes split				
Fixed income	%	78.6	77.9	0.6 %-p
Equities	%	8.6	8.3	0.3 %-p
Multi-assets	%	9.5	10.2	(0.7) %-p
Alternatives	%	3.3	3.6	(0.3) %-p
Investment vehicle split[1]				
Mutual funds	%	58.8	59.3	(0.5) %-p
Separate accounts	%	41.2	40.7	0.5 %-p
Regional allocation[2]				
America	%	55.4	56.3	(0.9) %-p
Europe	%	33.4	32.2	1.2 %-p
Asia-Pacific	%	11.2	11.6	(0.4) %-p
Overall three-year rolling investment outperformance[3]	%	92	85	7 %-p

1_Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. code; in Germany, vehicles subject to the “Standard-Anlagerichtlinien des Fonds” Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds. Separate accounts are investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals, and corporates).

2_Based on the location of the asset management company.

3_Three-year rolling investment outperformance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by Allianz Asset Management’s portfolio-management units. For separate accounts and mutual funds, the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

1_For further information on our Asset Management figures, please refer to note 4 to the Consolidated Financial Statements.

2_Represents operating expenses divided by operating revenues.

3_Net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment –, withdrawals of assets from and termination of client accounts, and distributions to investors.

4_Market and dividends represents current income earned on the securities held in client accounts, as well as changes in the fair value of these securities. This also includes dividends from net investment income and from net realized capital gains to investors of both open-ended mutual funds and closed-end funds.

Operating revenues

Our operating revenues increased by 6.4% on a nominal basis. This development was driven by higher average third-party AuM, mainly at PIMCO, due to strong market effects and net inflows. On an internal basis,[1] operating revenues grew by 1.8%.

We recorded higher performance fees at both PIMCO and AllianzGI. At PIMCO this positive development was largely due to stronger performance fees from hedge funds.

Other net fee and commission income rose on a nominal basis, driven by higher average third-party AuM mainly at PIMCO.

Other operating revenues decreased, mainly due to a less favorable foreign currency translation result as well as lower net interest and similar income.

Operating profit

Our operating profit increased by 6.9% on a nominal basis, as growth in operating revenues by far exceeded an increase in operating expenses. On an internal basis,[1] our operating profit went up by 2.6%, which was due to higher average third-party AuM as well as higher performance fees.

The nominal increase in administrative expenses was mostly driven by PIMCO and due to investments in business growth and infrastructure.

Our cost-income ratio decreased slightly as a consequence of higher operating revenue growth, compared to a lower increase in operating expenses.

Asset Management business segment information
€ mn

	2019	2018	Delta
Performance fees	490	419	72
Other net fee and commission income	6,681	6,294	387
Other operating revenues	(7)	19	(27)
Operating revenues	7,164	6,732	432
Administrative expenses (net), excluding acquisition-related expenses	(4,460)	(4,202)	(257)
Operating expenses	(4,460)	(4,202)	(257)
Operating profit	**2,704**	**2,530**	**175**

Net income

An increase of € 70 mn in our net income was due to the higher operating profit, partially offset by a lower non-operating result – including higher restructuring expenses – and higher income taxes related to the operating profit development.

1_Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects.

CORPORATE AND OTHER

KEY FIGURES

Key figures Corporate and Other[1]
€ mn

	2019	2018	Delta
Operating revenues	2,895	2,767	127
Operating expenses	(3,496)	(3,599)	102
Operating result	(602)	(831)	230
Net income (loss)	(1,194)	(1,294)	99

Earnings summary

Our **operating result** improved strongly in 2019 – mainly because our internal IT service provider developed favorably, but also because administrative expenses were lower than the year before.

Our **net loss** decreased. The improved operating result was partly offset by a lower non-operating investment result, which was affected by a decrease in our non-operating realized gains and losses (net), and a lower income tax result.

1_For further information on Allianz Corporate and Other figures, please refer to note 4 to the Consolidated Financial Statements.

OUTLOOK 2020

Overview: 2019 results versus previous year's outlook[1]

2019 results versus previous year's outlook for 2019

	Outlook 2019 – as per Annual Report 2018	Results 2019
Allianz Group	Operating profit of € 11.5 bn, plus or minus € 0.5 bn.	Operating profit of € 11.9 bn, in the upper half of our target range.
	Protection of shareholder value while continuing to provide attractive returns and dividends.	Return on equity (RoE)[1] amounted to 13.6 % (2018: 13.2 %). Proposed dividend at € 9.60 (2018: € 9.00) per share. Stable payout ratio of at least 50 %, based on expected number of eligible shares at the Annual General Meeting.
	Selective profitable growth.	Total revenues grew by 5.9 % on an internal basis, compared to 2018. Our Life/Health business segment registered strong volume growth in Germany and USA and we recorded a strong internal premium growth in our Property-Casualty business segment. An outstanding market return supported by strong net inflows led to revenue growth in our Asset Management business segment.
Property-Casualty	Revenue growth of approximately 3 %.	Total revenues increased by 6.8 %. Internal growth of 4.7 % was mainly driven by AGCS, Allianz Partners and Germany.
	Operating profit in the range of € 5.4 bn to € 6.0 bn.	Operating profit of € 5.0 bn was below our target range. Our underwriting result was negatively impacted by reserve strengthening at AGCS.
	Achievement of our combined ratio of 94 % or better.	Combined ratio was at 95.5 %, missing our target. Despite a stable accident year loss ratio and improvements in our expense ratio the lower level of run-off led to a shortfall against our target.
	Pressure on operating investment income (net) to continue, due to reinvestments in a consistently low interest rate environment.	Operating investment income (net) decreased, driven by a higher allocation to premium refunds in Germany for the accident business with premium refund guarantee.
Life/Health	Continue with focus on profitable growth; keep developing capital-efficient products; expand to new markets. Revenues are expected to be in the range of € 67.0 bn to € 73.0 bn.	Revenues of € 76.4 bn are above the range indicated in our outlook, mainly due to the strong growth of capital-efficient products in Germany and in the United States.
	Operating profit between € 3.9 bn and € 4.5 bn.	At € 4.7 bn, our operating profit was above the target range, driven by the investment margin, a one-off effect due to the increase of the DAC amortization period in the United States, volume growth, and higher unit-linked management fees.
	RoE between 10.0 % and 12.0 %.	Our 12.7 % RoE[2] is above the outlook range.
	Pressure on investment income due to low interest rates and continued capital market volatility.	Operating investment result reached € 20.0 bn, due to lower impairments, a better trading result (as a consequence of recovery of equity markets) and higher realized gains from portfolio management.
Asset Management	Moderate increase in total AuM due to moderate third-party net inflows, supported by an overall slightly positive market return in a volatile market environment.	Total AuM recorded a strong growth of + 15.6 % (excluding positive currency effects and AuM consolidation effects: + 13.7 %) due to an outstanding market return (€+ 193 bn) and strong third-party net inflows (€+ 76 bn).
	Operating profit in the range of € 2.2 bn to € 2.8 bn.	Operating profit amounted to € 2.7 bn, at the upper end of the target range and € + 0.2 bn above mid-point, due to higher AuM-driven fees.
	Cost-income ratio below 64 %.	At 62.3 %, the cost-income ratio is clearly below 64 %.

1_Represents the ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.
2_Represents the ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.

Economic outlook[2]

Global growth is expected to muddle through in the next two years. Monetary policies have to deal with a threefold series of disturbances, i.e. political risk, an external shock on trade, and structural issues related to ecological transition. Monetary policy only is particularly ill-equipped to tackle these kinds of shocks, which have long-lasting impacts. Global growth is likely to converge towards but remain below its potential of + 3.0 % at the horizon of 2021: we expect the GDP to further decelerate in 2020 at + 2.4 % from + 2.5 % in 2019.

US-China trade tensions should neither escalate nor de-escalate much further in 2020. The deal is not a game changer, but it announces slightly lower uncertainty as a tariff escalation is unlikely in a U.S. electoral year.

Monetary policies will remain a safety net for growth and markets. We expect monetary policies to remain very accommodative in 2020. The U.S. Federal Reserve will continue easing its monetary policy, with one rate cut in the first half of 2020 to cope with the recession of the U.S. manufacturing sector. The European Central Bank is likely to implement another deposit rate cut of 10 basis points in the first half of 2020 as well to - 0.6 %. Monthly Quantitative Easing purchases will be maintained at the current pace of € 20 bn per month until the end of the year.

On the markets, political risk will remain the main volatility driver. In a context of wait-and-see posture of investors linked to U.S. elections and progressive erosion of profits, the global equity market is expected to register an inflexion in its upward (monetary driven) trend.

1_For more detailed information on the previous year's outlook for 2019, please see the Annual Report 2018 from page 63 onwards.

2_The information presented in the sections "Economic outlook", "Insurance industry outlook", and "Asset management industry outlook" is based on our own estimates.

Insurance industry outlook

On the surface, 2020 promises to be very similar to 2019, with moderate premium growth despite continuing headwinds such as low yields, high political uncertainty, and weak global growth and trade. Under the surface, however, three fundamental changes are about to gather speed. First, the pivot to Asia: Asia's rising middle class emerges as the consumer of last resort with huge pent-up demand, reflecting weak social security systems and protection gaps in natural catastrophes, health, retirement, and mortality. Second, the pivot to digital ecosystems for better customer interaction, accelerating the shift from pure risk management to risk prevention and from single products to comprehensive solutions. Key for success, in particular in Europe, will be that regulation and supervision keep pace with the business transformation. Third, the pivot to higher claim costs, reflecting climate change (natural catastrophes), social change (litigation and class action) and technology change (connectivity), ushering in a new era of cost cutting (automatization) and consolidation. The flip side of these changes, however, is that the topic of sustainability moves mainstream in public debates, creating new opportunities for insurance.

In the non-life sector, premium growth is expected to remain more or less stable. As in previous years, emerging markets are the main driver of growth. Overall, we expect global premium growth of around 4% in 2020 (in nominal terms and adjusted for foreign currency translation effects). The two opposing effects of higher rates on the one, but low investment income on the other hand point toward unchanged industry profitability.

In the life sector, premium growth is expected to slightly accelerate as demand in emerging markets continues to grow and demand in advanced economies should at least stabilize, reflecting the increasing supply of new savings products. Overall, we expect global premium growth to increase by about 6% in 2020 (in nominal terms and adjusted for foreign currency translation effects). Given the challenging investment environment, however, industry profitability is likely to remain under pressure.

Asset management industry outlook

Monetary easing policy especially in the U.S. and Europe provide some stimulus for capital market development, driving equity and fixed-income markets. Market volatility is likely to persist and many investors are expected to stay alert, potentially nervous, and very cautious. We therefore expect a volatile and therefore overall moderate capital market contribution to AuM growth.

The asset management industry's profitability remains under pressure from continuous flows into passive products, new pricing models, and rising distribution costs, and we expect the trend towards industry consolidation and increasing cost awareness, including respective restructuring activities, to continue. At the same time, digital channels such as robo-advisory platforms are likely to continue gaining prominence. The strengthening of regulatory oversight and reporting could also affect profitability in the asset management sector. Opportunities in the area of active asset management will continue to exist, particularly in alternative and solutions-oriented strategies, but also in equity and fixed-income. In order to continue growing, it is vital for asset managers to keep sufficient business volumes, ensure efficient operations, and maintain a strong investment performance.

Overview: outlook and assumptions 2020 for the Allianz Group

Outlook 2020	
ALLIANZ GROUP	Operating profit of € 12.0 bn, plus or minus € 0.5 bn.
	Protect shareholder value while continuing to provide attractive returns and dividends.
	Selective profitable growth.
PROPERTY-CASUALTY	Revenue growth of approximately 6 % of which 4 % come from our acquisitions in the United Kingdom.
	Operating profit in the range of € 5.2 bn to € 6.0 bn.
	Combined ratio of approximately 94 %.
	Pressure on operating investment income (net) to continue, due to reinvestments in a consistently low interest rate environment.
LIFE/HEALTH	Continue to focus on profitable growth; keep developing capital-efficient products; expand to new markets. Revenues expected to be in the range of € 71.0 bn to € 77.0 bn.
	Operating profit between € 4.1 bn and € 4.7 bn.
	RoE between 10.0 % and 13.0 %.
	Pressure on investment income due to low and even negative interest rates and continued capital market volatility.
ASSET MANAGEMENT	Moderate increase in total AuM, with third-party net inflows expected to decrease at PIMCO and now solid net inflows at AllianzGI, compared to 2019, combined with a slight positive AuM market return.
	Operating profit between € 2.4 bn and € 3.0 bn.
	Cost-income ratio below 64 %

ASSUMPTIONS

Our outlook assumes no significant deviations from our underlying assumptions – specifically:

- Global economic growth to be stable albeit slightly decelerating in 2020,
- Interest rates to remain at the current level,
  - A 100 basis point increase (decrease) in interest rates would raise (lower) the expected operating profit by approximately € 0.1 bn in the first year that follows the rate change.
- No major disruptions in the capital markets,
- No disruptive fiscal or regulatory interference,
- Level of claims from natural catastrophes at expected average levels,
- An average U.S. Dollar to Euro exchange rate of 1.09.
  - A 10% weakening (strengthening) of the U.S. Dollar, compared to the assumed exchange rate of 1.09 to the Euro, would have a negative (positive) effect on operating profits of approximately € 0.4 bn.

For further information on our ambitions for the period 2019 - 2021, please see section "Our business aspirations" in the Risk and Opportunity Report.

Management's assessment of expected revenues and earnings for 2020

In 2019, our total revenues were € 142.4 bn, a 7.6 % increase on a nominal and a 5.9 % increase on an internal basis[1] compared to 2018. For 2020 we envisage moderate growth, with Property-Casualty and Asset Management revenues trending upward and Life/Health revenues remaining stable, due to our selective focus on profitable growth.

Our operating profit was in the upper half of our target range in 2019, amounting to € 11.9 bn. For 2020, we envisage an operating profit of € 12.0 bn plus or minus € 0.5 bn, as we expect strong performance in all business segments.

Our net income attributable to shareholders was € 7.9 bn, a strong increase from the previous year's level. Consistent with our disclosure practice in the past, and given the susceptibility of our non-operating results to capital market developments, we refrain from providing a precise outlook for net income. However, since our outlook presumes no major disruptions in our capital markets, we anticipate a rather stable net income development for 2020.

PROPERTY-CASUALTY INSURANCE

We expect our revenues to increase by approximately 6 % in 2020 (2019: 4.7 %), of which 4 % will come from our acquisitions in the United Kingdom. Organic growth will be supported by favorable price and volume effects.

Revenue growth in 2020 will probably be strongest at Allianz Partners, where we have pooled our B2B2C activities. Further growth can be expected in Germany and Turkey, as well as in Asian markets such as China and Malaysia.

We believe that the overall rise in prices that we saw in a number of markets in the past year will continue in 2020. Nevertheless, we will maintain our focus on achieving strong underwriting results by adhering to our strict underwriting discipline, as we have in previous years, and we will be prepared to accept a lower top line if target margins cannot be achieved.

Our combined ratio was 95.5 % in 2019, missing our target. This was due to reserve strengthening at AGCS, which led to a lower run-off figure. In 2020, we envisage a combined ratio of approximately 94 %. The underlying assumption is that the aggregate effect of improvements in pricing, claims management, and productivity will compensate for any inflation in underlying claims. As for impacts from natural catastrophes, despite the highly volatile nature of such catastrophes in recent years we assume claims to continue at comparable levels going forward.

As the low-interest-rate environment is likely to stay, investment income will remain under pressure due to the rather short duration of investments in the Property-Casualty business segment. Going forward, we will continue to actively adapt our investment strategy to changing market conditions.

Overall, we expect our 2020 operating profit to be in the range of € 5.2 bn to € 6.0 bn (2019: € 5.0 bn).

LIFE/HEALTH INSURANCE

Our Life/Health operating profit was € 4.7 bn in 2019, exceeding the target range. Main reasons included the investment margin, a one-off effect due to the increase of the DAC amortization period in the United States, volume growth, and higher unit-linked management fees. For 2020, we expect this business segment's operating profit to range between € 4.1 bn and € 4.7 bn.

One of the key performance indicators used in steering our Life/Health business segment is RoE. In 2020, we expect it to be between 10.0 % and 13.0 %.

Allianz continuously works to make the Life/Health business model more resilient to market volatility, for instance, by adjusting our products to market needs while keeping in line with our strategy. Going forward, we will continue to pursue profitable growth and to improve our capital-efficient products – always with a particular focus on the customer – while exploring new market opportunities and building on our strong track record of product innovation. In addition, we will continue to actively manage both our new and our in-force business through continuous price reviews, expense management, asset/liability management, and crediting strategies. As in the past years, this should allow us to mitigate the impacts of difficult market conditions, in particular negative interest rates, and achieve our profitability targets.

ASSET MANAGEMENT

For 2020, we envisage overall moderate third-party net inflows and market returns at both PIMCO and AllianzGI, with relatively stable margins and stable performance fees, resulting in modest growth in operating revenues. We also assume the U.S. Dollar to remain relatively stable compared to 2019. All things considered, we expect our 2020 operating profit to range between € 2.4 bn and € 3.0 bn (2019: € 2.7 bn).

Our cost-income ratio is expected to be below 64 % in 2020 (2019: 62.3 %), as we continue to invest in business growth. In the mid-term, we expect our cost-income ratio to remain below 63 %.

CORPORATE AND OTHER (INCLUDING CONSOLIDATION)

In Corporate and Other, we recorded an operating loss of € 0.6 bn in 2019. For 2020, we envisage an operating loss in the range of € 0.6 bn to € 0.8 bn for this business segment.

Financing, liquidity development, and capitalization

The Allianz Group benefits from its very robust liquidity position and excellent financial strength, with its capitalization well above regulatory requirements.

As a result, we have full access to financial markets and are in an excellent position to raise financing at low cost. We are determined to maintain our strong financial flexibility, which is supported by both the prudent steering of our liquidity resources and our well-balanced debt maturity profile.

We also monitor the Group's and each of our operating entities' capital positions very closely. In addition, we will continue to optimize the sensitivity of our Solvency II capitalization ratio to changes in interest rates and spreads through prudent asset/liability management and life product design.

1_Operating revenues adjusted for foreign currency translation and (de)consolidation effects.

Expected dividend development[1]

The Allianz management is committed to having shareholders participate in the economic development of the Group through dividend payments. Through prudent capital management, the Allianz Group aims to maintain a healthy balance between achieving an attractive yield and investing in profitable growth. Of the Group's net income attributable to shareholders, we will continue to pay out 50 % as a regular dividend.

In the interest of dividend continuity, we aim to keep the regular dividend per share at least at the previous year's level. For 2019, the Allianz SE Board of Management and the Supervisory Board propose a dividend of € 9.60 per share.

In addition, Allianz SE has decided to launch a share buy-back program in an amount of up to € 1.5 bn, as part of the previously announced policy to return capital to the shareholders on a flexible basis. The share buy-back is based on the authorization granted by the General Meeting on 9 May 2018. The share buy-back program, which starts in March 2020, shall be finalized by 31 December 2020, at the latest. Allianz SE will cancel all repurchased shares.

All of the above remains subject to our sustainable Solvency II capitalization ratio of 160 % or higher – which is considerably below our year-end 2019 level of 212 %, and 20 percentage points below our minimum solvency ambition for the Solvency II capitalization ratio of 180 %.

Management's overall assessment of the current economic situation of the Allianz Group

At the date of issuance of this Annual Report, and based on current information regarding natural catastrophes and capital market trends – in particular foreign currency, interest rates, and equities –, the Board of Management has no indication that the Allianz Group is facing any major adverse developments.

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

1_This represents management's current state of planning and may be revised in the future. Also, note that the decision regarding dividend payments in any given year is subject to specific dividend proposals by the Management and Supervisory Boards, each of which may elect to deviate, if and as appropriate under the then prevailing circumstances, as well as to the approval of the Annual General Meeting.

BALANCE SHEET REVIEW

Shareholders' equity[1]

Shareholders' equity
€ mn

	As of 31 December 2019	As of 31 December 2018	Delta
Shareholders' equity			
Paid-in capital	28,928	28,928	-
Retained earnings	29,577	27,967	1,611
Foreign currency translation adjustment	(2,195)	(2,607)	412
Unrealized gains and losses (net)	17,691	6,945	10,747
Total	**74,002**	**61,232**	**12,770**

Shareholders' equity increased largely due to higher unrealized gains and losses (net) and net income attributable to shareholders of € 7,914 mn. The dividend payout in May 2019 (€ 3,767 mn) and the share buy-back program[2], with a total amount of € 1.5 bn, partly offset this increase.

Total assets and total liabilities

As of 31 December 2019, total assets amounted to € 1,011.2 bn and total liabilities were € 933.8 bn. Compared to year-end 2018, total assets and total liabilities increased by € 113.6 bn and € 99.9 bn, respectively.

The following section focuses on our financial investments in debt instruments, equities, real estate, and cash, as these reflect the major developments in our asset base.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The following portfolio overview covers the Allianz Group's assets held for investment, which are largely driven by our insurance businesses.

Asset allocation and fixed-income portfolio overview

	As of 31 December 2019	As of 31 December 2018	Delta	As of 31 December 2019	As of 31 December 2018	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments, thereof:	**643.6**	**580.3**	**63.4**	**85.3**	**86.2**	**(0.9)**
Government bonds	238.1	211.6	26.6	37.0	36.5	0.5
Covered bonds	71.3	76.1	(4.8)	11.1	13.1	(2.0)
Corporate bonds	228.9	200.4	28.6	35.6	34.5	1.0
Banks	35.8	32.2	3.6	5.6	5.6	-
Other	69.4	60.0	9.4	10.8	10.3	0.4
Equities	**78.3**	**63.2**	**15.0**	**10.4**	**9.4**	**1.0**
Real estate	**13.0**	**12.5**	**0.6**	**1.7**	**1.9**	**(0.1)**
Cash/other	**19.4**	**16.9**	**2.5**	**2.6**	**2.5**	**0.1**
Total	**754.4**	**672.8**	**81.5**	**100.0**	**100.0**	**-**

Compared to year-end 2018, our overall asset allocation remained rather stable with a modest increase in our equity investments.

Our well-diversified exposure to **debt instruments** increased compared to year-end 2018, mainly due to decreased interest rates. About 93% of this portfolio was invested in investment-grade bonds and loans.[3] Our **government bonds** portfolio contained bonds from France, Germany, Italy, and Spain that represented 17.1%, 13.5%, 7.6% and 6.1% of our portfolio shares. Our **corporate bonds** portfolio contained bonds from the United States, Eurozone, and Europe excl. Eurozone. They represented 38.0%, 34.0% and 12.6% of our portfolio shares.

Our exposure to **equities** increased mainly due to a strong performance on major equity markets.

1_This does not include non-controlling interests of € 3,363 mn and € 2,447 mn as of 31 December 2019 and 31 December 2018, respectively. For further information, please refer to note 19 to the Consolidated Financial Statements.
2_For further information, please refer to note 19 to the Consolidated Financial Statements
3_Excluding self-originated German private retail mortgage loans. For 3 %, no ratings were available.

LIABILITIES

PROPERTY-CASUALTY LIABILITIES

As of 31 December 2019, the business segment's gross reserves for loss and loss adjustment expenses as well as discounted loss reserves amounted to € 70.0 bn, compared to € 65.6 bn at year-end 2018. On a net basis, our reserves, including discounted loss reserves, increased from € 56.4 bn to € 60.1 bn.[1]

LIFE/HEALTH LIABILITIES

Life/Health reserves for insurance and investment contracts increased by € 57.4 bn to € 572.9 bn. A € 27.9 bn increase (before foreign currency translation effects) in aggregate policy reserves was mainly driven by our operations in Germany (€ 16.9 bn) and the United States (€ 7.9 bn before foreign currency translation effects). Reserves for premium refunds increased by € 26.5 bn (before foreign currency translation effects), due to higher unrealized gains to be shared with policyholders. Foreign currency translation effects increased the balance sheet value by € 3.0 bn, mainly due to the stronger U.S. Dollar (€ 1.7 bn).

Off-balance sheet arrangements

In the normal course of business, the Allianz Group may enter into arrangements that do not lead to the recognition of assets and liabilities in the Consolidated Financial Statements under IFRS. Since the Allianz Group does not rely on off-balance sheet arrangements as a significant source of revenue or financing, our off-balance sheet exposure to loss is immaterial relative to our financial position.

The Allianz Group enters into various commitments including loan commitments, purchase obligations, and other commitments. For more details please refer to note 37 to the Consolidated Financial Statements.

The Allianz Group has also entered into contractual relationships with various types of structured entities. They have been designed in such a way that their relevant activities are directed by means of contractual arrangements rather than voting or similar rights. Typically, structured entities have been set up in connection with asset-backed financing and certain investment fund products. For more details on our involvement with structured entities, please refer to note 35 to the Consolidated Financial Statements.

Please refer to the Risk and Opportunity Report from **page 76** onwards for a description of the main concentrations of risk and other relevant risk positions.

Regulatory capital adequacy

For details on the regulatory capitalization of the Allianz Group, please refer to our Risk and Opportunity Report from **page 76** onwards.

1_For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 14 to the Consolidated Financial Statements.

LIQUIDITY AND FUNDING RESOURCES

Organization

The Allianz Group's liquidity management is based on policies and guidelines approved by the Allianz SE Board of Management. Allianz SE and each of the operating entities are responsible for managing their respective liquidity positions, while Allianz SE provides central cash pooling for the Group. Capital allocation is managed by Allianz SE for the entire Group. This structure allows the efficient use of liquidity and capital resources and enables Allianz SE to achieve the desired liquidity and capitalization levels for the Group and its operating entities.

Liquidity management of our operating entities

INSURANCE OPERATIONS

Major sources of liquidity for our operational activities are primary and reinsurance premiums received, reinsurance receivables collected, investment income, and proceeds generated from the maturity or sale of investments. These funds are mainly used to pay claims arising from the Property-Casualty insurance business and related expenses, life policy benefits, surrenders and cancellations, acquisition costs, and operating costs.

We receive a large part of premiums before payments of claims or policy benefits are required, generating solid cash flows from our insurance operations. This allows us to invest the funds in the interim to create investment income.

Our insurance operations also carry a high proportion of liquid investments, which can be converted into cash to pay for claims. Generally, our investments in fixed-income securities are sequenced to mature when funds are expected to be needed.

The overall liquidity of our insurance operations depends on capital market developments, interest rate levels, and our ability to realize the market value of our investment portfolio to meet insurance claims and policyholder benefits. Other factors affecting the liquidity of our Property-Casualty insurance operations include the timing, frequency, and severity of losses underlying our policies and policy renewal rates. In our Life operations, liquidity needs are generally influenced by trends in actual mortality rates compared to the assumptions underlying our life insurance reserves. Market returns, crediting rates, and the behavior of our life insurance clients – for example, regarding the level of surrenders and withdrawals – can also have significant impacts.

ASSET MANAGEMENT OPERATIONS

Within our Asset Management operations, the most important sources of liquidity are fees generated from asset management activities. These are primarily used to cover operating expenses.

Liquidity management and funding of Allianz SE

The responsibility for managing the funding needs within the Group, maximizing access to liquidity sources, and minimizing borrowing costs lies with Allianz SE. We therefore comment on the liquidity and funding resources of Allianz SE in the following sections. Restrictions on the transferability of capital within the Group mainly result from the capital maintenance rules under applicable company laws, as well as from the regulatory solvency capital requirements for regulated Group companies.

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. The main sources of liquidity available for Allianz SE are dividends received from subsidiaries and funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments, and highly liquid government bonds. Our funds are primarily used for interest payments on our debt funding, operating costs, internal and external growth investments, and dividends to our shareholders.

FUNDING SOURCES

Allianz SE's access to external funds depends on various factors such as capital market conditions, access to credit facilities, credit ratings, and credit capacity. The financial resources available to Allianz SE in the capital markets for short-, mid- and long-term funding needs are described below. In general, mid- to long-term financing is covered by issuing senior or subordinated bonds or ordinary no-par value shares.

SHARE CAPITAL

As of 31 December 2019, the issued share capital as registered at the Commercial Register was € 1,169,920,000. This was divided into 417,172,859 no-par value shares. As of 31 December 2019, the Allianz Group held 595,677 (2018: 961,636) own shares.

Allianz SE has the option to increase its share capital according to authorizations provided by the AGM. The following table outlines Allianz SE's capital authorizations as of 31 December 2019:

Capital authorizations of Allianz SE

Capital authorization	Nominal amount	Expiry date of the authorization
Authorized Capital 2018/I[1]	€ 334,960,000	8 May 2023
Authorized Capital 2018/II[2]	€ 15,000,000	8 May 2023
Conditional Capital 2010/2018[3]	€ 250,000,000	

1_For issuance of shares against contribution in cash and/or kind, with the authorization to exclude shareholders' subscription rights.
2_For issuance of shares to employees with exclusion of shareholders' subscription rights.
3_To cover convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments, each with the authorization to exclude shareholders' subscription rights.

For further information on our share capital and regarding authorizations to issue and repurchase shares, please refer to the chapter Takeover-Related Statements and Explanations (part of the Group Management Report) starting on page 21.

LONG-TERM DEBT FUNDING

As of 31 December 2019, Allianz SE had senior and subordinated bonds with a variety of maturities outstanding, reflecting our focus on long-term financing. As the cost and availability of external funding may be negatively affected by general market conditions or by matters specific to the financial services industry or the Allianz Group, we seek to reduce refinancing risk by actively steering the maturity profile of our funding structure.

Maturity structure of Allianz SE's senior and subordinated bonds[1]

€ mn

	Contractual maturity date			
As of 31 December	Up to 1 year	1 – 5 years	Over 5 years	Total
2019				
Senior bonds	1,252[2]	2,243	4,590[3]	8,085
Subordinated bonds	-	-	13,177[4]	13,177
Total	**1,252**	**2,243**	**17,767**	**21,262**
2018				
Senior bonds	1,493	3,493	3,050	8,036
Subordinated bonds	-	-	13,430	13,430
Total	**1,493**	**3,493**	**16,480**	**21,466**

1_Based on carrying value.
2_Senior bonds of EUR 1.5 bn were redeemed in the third quarter of 2019.
3_Two senior bonds of EUR 0.75 bn each were issued in the first quarter of 2019.
4_ Includes a buyback of EUR 0.9 bn subordinated bonds, the redemption of CHF 0.5 bn subordinated bonds at first call date as well as the issuance of EUR 1.0 bn subordinated bonds in the third quarter of 2019.

Interest expenses on senior bonds decreased, mainly due to lower funding costs on average in 2019. For subordinated bonds, the decrease of interest expenses was primarily driven by lower volumes outstanding as well as lower funding costs on average, partially offset by unfavorable foreign currency translation effects.

Senior and subordinated bonds issued or guaranteed by Allianz SE[1]

	Nominal value	Carrying value	Interest expenses	Weighted-average interest rate[2]
As of 31 December	€ mn	€ mn	€ mn	%
2019				
Senior bonds	8,135	8,085	200	2.2
Subordinated bonds	13,157	13,177	595	4.5
Total	**21,293**	**21,262**	**795**	**3.6**
2018				
Senior bonds	8,086	8,036	212	2.6
Subordinated bonds	13,456	13,430	605	4.5
Total	**21,541**	**21,466**	**817**	**3.8**

1_For further information on Allianz SE debt (issued or guaranteed) as of 31 December 2019, please refer to note 18 to the Consolidated Financial Statements.
2_Based on nominal value.

The following table details the long-term debt issuances and redemptions of Allianz SE during 2019 and 2018:

Issuances and redemptions of Allianz SE's senior and subordinated bonds

€ mn

As of 31 December	Issuances[1]	Redemptions/ Buybacks[1]	Issuance net of redemptions/ buybacks
2019			
Senior bonds	1,500	1,500	-
Subordinated bonds	1,000	1,364	(364)
2018			
Senior bonds	-	500	(500)
Subordinated bonds	-	-	-

1_Based on nominal value.

Funding in non-Euro currencies enables us to diversify our investor base or to take advantage of favorable funding costs in those markets. Funds raised in non-Euro currencies are incorporated in our general hedging strategy. As of 31 December 2019, approximately 17.1% (2018: 18.5%) of the long-term debt was issued or guaranteed by Allianz SE in currencies other than the Euro.

Currency allocation of Allianz SE's senior and subordinated bonds[1]
€ mn

As of 31 December	Euro	Non-Euro	Total
2019			
Senior and subordinated bonds	17,646	3,647	21,293
2018			
Senior and subordinated bonds	17,550	3,991	21,541

1_Based on nominal value.

SHORT-TERM DEBT FUNDING

Available short-term funding sources are the Medium-Term Note Program and the Commercial Paper Program. Money market securities decreased in the use of commercial paper, compared to the previous year-end. Interest expenses on money market securities decreased mainly due to lower funding costs on average in 2019.

Money market securities of Allianz SE

	Carrying value	Interest expense	Average interest rate
As of 31 December	€ mn	€ mn	%
2019			
Money market securities	1,124	17	1.5
2018			
Money market securities	1,163	20	1.7

The Group maintained its A-1+/Prime-1 ratings for short-term issuances. We can therefore continue funding our liquidity under the Euro Commercial Paper Program at an average rate for each tranche below Euribor, and under the U.S. Dollar Commercial Paper Program at an average rate for each tranche below U.S. Libor.

Further potential sources of short-term funding that allow the Allianz Group to fine-tune its capital structure are letter of credit facilities and bank credit lines.

Allianz Group consolidated cash flows

Annual changes in cash and cash equivalents
€ mn

	2019	2018	Delta
Net cash flow provided by operating activities	36,448	25,672	10,776
Net cash flow used in investing activities	(27,703)	(19,310)	(8,393)
Net cash flow used in financing activities	(4,850)	(6,821)	1,971
Change in cash and cash equivalents[1]	3,986	(416)	4,402

1_Includes effects of exchange rate changes on cash and cash equivalents of € 90 mn and € 41 mn in 2019 and 2018, respectively.

Net cash flow provided by operating activities increased by € 10.8 bn to € 36.4 bn in 2019. This figure comprises net income plus adjustments for non-cash charges, credits, and other items included in net earnings, as well as cash flows related to the net change in operating assets and liabilities. Net income after adding back non-cash charges and similar items decreased to € 12.2 bn in 2019. Operating cash flows from net changes in operating assets and liabilities rose by € 13.8 bn to € 24.2 bn. This was mainly driven by higher reserves for insurance and investment contracts in our Life/Health business segment in Germany, France and the United States. In addition, we recorded higher reserves for loss and loss adjustment expenses, mainly driven by the property-casualty business in Germany and France, and lower net cash outflows from assets and liabilities held for trading.

Net cash outflow used in investing activities increased by € 8.4 bn to € 27.7 bn. The main driver was higher net cash outflows from available-for-sale investments, particularly at Allianz SE, France and the United States.

Net cash outflow used in financing activities was lower in 2019 by € 2.0 bn and amounted to € 4.9 bn. This decrease was largely driven by lower net cash outflows from transactions between equity holders, in particular from the Allianz SE share-buy-back program and the acquisition of Euler Hermes shares held by non-controlling interests in 2018. Higher dividend payments to our shareholders partly compensated these effects.

Cash and cash equivalents, including cash and cash equivalents reclassified to assets of disposal groups held for sale, increased by € 4.4 bn, mainly stemming from our Life/Health business segment in the United States and Germany and from our operations in the United Kingdom.

For further information on the Consolidated Statement of Cash Flows, please refer to **page 98**.

RECONCILIATIONS

The previous analysis is based on our Consolidated Financial Statements and should be read in conjunction with them. In addition to our figures stated in accordance with the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRS.

For further information, please refer to note 4 to the Consolidated Financial Statements.

Composition of total revenues

Total revenues comprise total revenues in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).[1]

Composition of total revenues
€ mn

	2019	2018
PROPERTY-CASUALTY		
Total revenues	**59,156**	**55,401**
consisting of:		
Gross premiums written	57,210	53,636
Fee and commission income	1,946	1,765
LIFE/HEALTH		
Statutory premiums	**76,426**	**70,450**
ASSET MANAGEMENT		
Operating revenues	**7,164**	**6,732**
consisting of:		
Net fee and commission income	7,171	6,713
Net interest and similar income	(10)	3
Income from financial assets and liabilities carried at fair value through income (net)	1	5
Other income	1	11
CORPORATE AND OTHER		
thereof: Total revenues (Banking)	**239**	**275**
consisting of:		
Interest and similar income	73	95
Income from financial assets and liabilities carried at fair value through income (net)[1]	3	3
Fee and commission income	576	577
Other income	-	4
Interest expenses, excluding interest expenses from external debt	(21)	(24)
Fee and commission expenses	(394)	(382)
Consolidation effects within Corporate and Other	1	-
Consolidation	(616)	(575)
Allianz Group total revenues	**142,369**	**132,283**

1_Includes trading income.

1_Since 2019, total revenues in Property-Casualty include fee and commission income. Prior year figures were adjusted accordingly.

Composition of total revenue growth

We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals, and transfers (or "changes in scope of consolidation") are analyzed separately. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

Reconciliation of nominal total revenue growth to internal total revenue growth
%

	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
2019				
Property-Casualty	4.7	1.7	0.4	6.8
Life/Health	7.3	-	1.2	8.5
Asset Management	1.8	0.3	4.3	6.4
Corporate and Other	(2.0)	(11.1)	-	(12.9)
Allianz Group	**5.9**	**0.7**	**1.0**	**7.6**
2018[1]				
Property-Casualty	5.7	0.1	(3.2)	2.6
Life/Health	6.4	(0.1)	(1.6)	4.7
Asset Management	5.8	2.5	(3.2)	5.1
Corporate and Other	(4.0)	(49.3)	-	(51.1)
Allianz Group	**6.1**	**(0.2)**	**(2.4)**	**3.5**

1_Prior year figures have not been adjusted in light of the new total revenues definition.

Life/Health insurance operations

OPERATING PROFIT

The reconciling item scope comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are out of scope is included in the investment margin. Currently, 22 entities – comprising the vast majority of Life/Health total statutory premiums – are in scope.

EXPENSES

Expenses comprise acquisition expenses and commissions as well as administrative and other expenses.

The delta shown as definitions in acquisition expenses and commissions represents commission clawbacks, which are allocated to the technical margin. The delta shown as definitions in administrative and other expenses mainly represents restructuring charges, which are stated in a separate line item in the Group income statement.

Acquisition, administrative, capitalization, and amortization of DAC[1]
€ mn

	2019	2018
Acquisition expenses and commissions[2]	(5,570)	(5,219)
Definitions	13	12
Scope	(261)	(134)
Acquisition costs incurred	(5,818)	(5,341)
Capitalization of DAC[2]	1,813	1,829
Definition: URR capitalized	625	564
Definition: policyholder participation[3]	1,210	1,063
Scope	124	27
Capitalization of DAC	3,772	3,483
Amortization, unlocking, and true-up of DAC[2]	(1,570)	(1,795)
Definition: URR amortized	38	43
Definition: policyholder participation[3]	(1,109)	(968)
Definition: FIA adjustment[4]	-	683
Scope	(31)	(24)
Amortization, unlocking, and true-up of DAC	(2,672)	(2,060)
Commissions and profit received on reinsurance business ceded	95	84
Acquisition costs[5]	**(4,624)**	**(3,833)**
Administrative and other expenses[2]	(1,821)	(1,824)
Definitions	164	159
Scope	(176)	(151)
Administrative expenses on reinsurance business ceded	9	14
Administrative expenses[5]	**(1,825)**	**(1,802)**

1_Prior year figures have been changed in order to reflect the roll-out of profit source reporting to Mexico.
2_As per Group Management Report.
3_For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
4_For further information on the FIA adjustment, please refer to note 2 to the Consolidated Financial Statements in the Annual Report 2018, chapter "Reserves for insurance and investment contracts", paragraph "Aggregate policy reserves".
5_As per notes to the Consolidated Financial Statements.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)

"Impact of change in DAC" includes the effects of changes in DAC, unearned revenue reserves (URR), and value of business acquired (VOBA). As such, it is the net impact of the deferral and amortization of acquisition costs and front-end loadings on operating profit.

URR capitalized: capitalization amount of unearned revenue reserves (URR) and deferred profit liabilities (DPL) for FAS 97 LP.

URR amortized: total amount of URR amortized includes scheduled URR amortization, true-up, and unlocking.

Both capitalization and amortization are included in the line item premiums earned (net) in the Group income statement.

Policyholder participation is included in "Change in our reserves for insurance and investment contracts (net)" in the Group income statement.

Reconciliation to Notes to the Consolidated Financial Statements[1]
€ mn

	2019	2018
Acquisition expenses and commissions[2]	(5,570)	(5,219)
Administrative and other expenses[2]	(1,821)	(1,824)
Capitalization of DAC[2]	1,813	1,829
Amortization, unlocking, and true-up of DAC[2]	(1,570)	(1,795)
Acquisition and administrative expenses	**(7,148)**	**(7,008)**
Definitions	941	1,557
Scope	(345)	(281)
Commissions and profit received on reinsurance business ceded	95	84
Administrative expenses on reinsurance business ceded	9	14
Acquisition and administrative expenses (net)[3]	**(6,449)**	**(5,635)**

1_Prior year figures have been changed in order to reflect the roll-out of profit source reporting to Mexico.
2_As per Group Management Report.
3_As per notes to the Consolidated Financial Statements.

RISK AND OPPORTUNITY REPORT

Target and strategy of risk management

Allianz aims to ensure that the Group is adequately capitalized at all times and that all related undertakings at least meet their respective regulatory capital requirements for the benefit of both shareholders and policyholders.

In addition, we take into account the requirements of rating agencies. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group.

We closely monitor the capital position and risk concentrations of the Group and its related undertakings and apply regular stress tests (including standardized, historical, and reverse stress test scenarios as well as monthly stress and scenario analyses focusing on current and possible future developments). These analyses allow us to take appropriate measures to preserve our continued capital and solvency strength. Furthermore, the risk capital reflecting the risk profile and the cost of capital is an important aspect considered in business decisions.

In addition, our liquidity risk framework ensures that all legal entities in scope are responsible for the management of their liquidity risks and to maintain a sufficient liquidity position under both market conditions (expected as well as stressed) and business conditions.

Risk governance system

RISK MANAGEMENT FRAMEWORK

As a provider of financial services, we consider risk management to be a core competency and an integral part of our business. Our risk management framework covers all operations and subsidiaries within the Group in proportion to the inherent risks of their activities, ensuring that risks across the Group are consistently identified, analyzed, assessed, and managed. The primary goals of our risk management framework are:

- Promotion of a strong risk management culture, supported by a robust risk governance structure.
- Consistent and proportional application of an integrated risk capital framework to protect our capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes by attributing risk and allocating capital to business segments, products, and strategies.

Our risk management system is based on the following four pillars:

- Risk identification and underwriting: A robust system of risk identification and underwriting forms the foundation for adequate risk management decisions. Supporting activities include standards for underwriting, valuation methods, individual transaction and new product approvals, emerging-/operational-/top-risk assessments, liquidity risk and scenario analyses, amongst others.
- Risk strategy and risk appetite: Our risk strategy defines our risk appetite consistent with our business strategy. It ensures that rewards are appropriate based on the risks taken and the capital required, and that delegated decision-making bodies are in line with our overall risk-bearing capacity and strategy.
- Risk reporting and monitoring: Our comprehensive qualitative and quantitative risk monitoring and reporting framework provides management with the transparency needed to assess whether our risk profile remains within the approved limits and to identify emerging issues and risks quickly. For example, risk dashboards and limit utilization reports as well as scenario analyses and stress tests are regularly prepared and communicated.
- Communication and transparency: Transparent risk disclosure provides the basis for communicating our strategy and performance to internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the entire Group.

OUR STRATEGY

OUR BUSINESS ASPIRATIONS

The Board of Management of Allianz SE has defined the following objectives for Allianz's medium-term strategy with the motto "Simplicity wins":

- Outperform: We seek to move ahead of our competitors, both traditional businesses and disruptors.
- Transform: We seek to become simpler and deeply digital, and to make our businesses more scalable.
- Rebalance: We seek to build market-leading positions in large, profitable, and fast-growing geographies as well as in new areas of business.

These objectives have been translated into clear ambitions for the period 2019 - 2021. With regard to financial performance, we strive for a return on equity (excluding unrealized gains/losses on bonds) of more than 13 %, while growing our earnings per share at a compound annual growth rate of more than 5 % (baseline full year 2018).

To ensure the sustainability of our performance, we have set ourselves non-financial health targets: For customer loyalty, our ambition is for more than 75 % of the business segments of our entities to be or become rated by their customers as loyalty leader or above-market in terms of Net Promoter Score (NPS). In terms of employee engagement, our ambition is to have the Inclusive Meritocracy Index above 73 %. At the same time, we have also set a number of sustainability targets such as the reduction of our carbon footprint, the reduction of greenhouse gases, and a step-by-step plan to achieve net-zero compliant asset allocation by 2050 at the latest.

OUR BUSINESS STRATEGY

To implement these strategic objectives, we have defined a number of strategic priorities, and are implementing initiatives and programs to address the five dimensions of our Renewal Agenda.

- True Customer Centricity: Design intuitive products and processes to achieve loyalty leadership in our core markets.
- Digital by Default: Build legacy-free platforms with core processes automation.
- Technical Excellence: Move to data-driven product design, pricing, and claims handling.
- Growth Engines: Systematically exploit new sources for profitable growth.
- Inclusive Meritocracy: We reinforce a culture where both people and performance matter.

The Board of Management of Allianz SE has also defined a strategy for the management of risk. This risk strategy places particular emphasis on protecting the Allianz brand and reputation, remaining solvent even in the event of extremely adverse scenarios, maintaining sufficient liquidity to meet financial obligations, and providing resilient profitability.

Opportunities

Our financial strength, coupled with ongoing transformation, renders us resilient and allows us to profit from new opportunities in a fast-changing business environment. Examples:

- By combining close customer understanding and evolving data analytics techniques, we provide superior insurance products and extend tailor-made services offerings as well as raising productivity.
- As a diversified financial group that is active in over 70 countries, we can innovate locally, then spread ideas and best practice across the Group in order to exploit economies of scale.
- We seek to grow in fast-growing regions, including Asia-Pacific, and want to profit from consolidation in Europe.
- We are building expertise and business models to profit from new risk pools, including cyber risk (insurance, risk mitigation, and recovery services) and mobility fleets.
- As the world's population ages, we are improving our offerings in the retirement savings markets.

In a continuously evolving market where the demands of customers constantly change, our knowledge of the industry and our expertise in product development and risk management offers us great opportunities to create customer-focused solutions. For further details on opportunities envisaged by the Allianz Group in the various segments, please refer to Outlook 2020.

RISK GOVERNANCE STRUCTURE

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Allianz's approach to risk governance permits integrated management of local and global risks and ensures that our risk profile remains consistent with both our risk strategy and our capacity to bear risks.

Within our risk governance system, the Supervisory Board and Board of Management of Allianz SE have both Allianz SE and group-wide responsibilities. The Board of Management formulates business objectives and a corresponding risk strategy; the core elements of the risk framework are set out in the Allianz Group Risk Policy and approved by the Board of Management. The Supervisory Board advises, challenges, and supervises the Board of Management in the execution of its management activities. The following committees support the Board and the Supervisory Board on risk issues:

Supervisory Board Risk Committee

The Risk Committee reports to the Supervisory Board, where the information and the findings are discussed with the Board of Management. It monitors the effectiveness of the Allianz risk management framework. Furthermore, it focuses on risk-related developments as well as general risks and specific risk exposures.

For more information please refer to the paragraph "Risk Committee" of the Supervisory Board Report on page 7.

Group Finance and Risk Committee

The Group Finance and Risk Committee (GFRC) provides oversight of the Group's and Allianz SE's risk management framework, acting as a primary early-warning function by monitoring the Allianz Group's and Allianz SE's risk profiles as well as the availability of capital. The GFRC also ensures that an adequate relationship between return and risk is maintained. Additionally, the GFRC defines risk standards, is the limit-setting authority within the framework set by the Board of Management, and approves major financing and capital management transactions. Finally, the GFRC supports the Board of Management with recommendations regarding the capital structure, capital allocation, liquidity position, and investment strategy, including strategic asset allocation.

Overall risk organization and roles in risk management

A comprehensive system of risk governance is achieved by setting standards related to organizational structure, risk strategy and appetite, limit systems, documentation, and reporting. These standards ensure the accurate and timely flow of risk-related information and a disciplined approach towards decision-making and execution at both the global and the local level.

As a general principle, the responsibility for the "First Line of Defense" rests with business managers in the related undertaking. They are responsible for both the risks taken and the returns from their decisions. Our "Second Line of Defense" is made up of independent global oversight functions including Risk, Actuarial, Compliance, and Legal, which support the Board in defining the risk frameworks within which the business can operate. Group Audit forms the "Third Line of Defense", independently and regularly reviewing risk governance implementation, compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework.

Group Risk management function

Group Risk is managed by the Group Chief Risk Officer and supports the Board of Management of Allianz SE, including its committees, by performing various analyses, communicating risk management related information, and implementing committee decisions.

Group Risk also supports the Board of Management in developing the risk management framework – which covers risk governance, risk strategy and appetite – and risk monitoring and reporting. Group Risk's operational responsibility encompasses assessing risks and monitoring limits and accumulations of specific risks across business lines, including natural and man-made disasters and exposures to financial markets and counterparties.

Group Risk strengthens and maintains the Group's risk network through regular and close interaction with the management of related undertakings and other key stakeholders such as the local finance, risk, actuarial and investment departments. A strong group-wide risk network enables the Allianz Group to influence risk culture across the Group, identify risks at an early stage, and make management aware of these risks.

Related undertakings

Related undertakings[1] are responsible for their own risk management, including adherence to both external requirements (for example, those imposed by local regulators) and internal standards. Their Boards of Management are responsible for setting and approving a local risk strategy during the annual Strategic and Planning Dialogs with the Group, and for ensuring adherence to their risk strategy.

A risk function, headed by a Chief Risk Officer which is independent from business line management, is established by each related undertaking. A local Risk Committee supports both the Board of Management and the Chief Risk Officer by acting as the primary risk controlling body.

Consistent implementation of the Group's risk management framework in the related undertakings, including regular dialog between the Group and the entity, is ensured, for example, through Group Risk representation on local Risk Committees and through regular assessment of the local risk management framework and Chief Risk Officers by Group Risk. Moreover, the Group Chief Risk Officer must be consulted on decisions regarding the staffing, objectives, and performance evaluation of local Chief Risk Officers.

Other functions and bodies

In addition to Group Risk and the local risk functions, legal, compliance, and actuarial functions established at both the Group and the entity level constitute additional components of the "Second Line of Defense".

Group Legal and Group Compliance seek to mitigate legal risks with support from other departments. The objectives of both functions are to ensure that laws and regulations are observed, to react appropriately to all impending legislative changes or new court rulings, to attend to legal disputes and litigation, and to provide legally appropriate solutions for transactions and business processes. In addition, Group Compliance – in conjunction with Group Legal and other experts involved – is responsible for integrity management, which aims to protect the Allianz Group as well as our related undertakings and employees from regulatory risks.

Group Actuarial, Planning and Controlling contributes towards assessing and managing risks in line with regulatory requirements, in particular for those risks whose management requires actuarial expertise. The range of tasks includes, amongst others, the calculation and monitoring of technical provisions, technical actuarial assistance in business planning, reporting and monitoring of the results, and supporting the effective implementation of the risk management system.

Risk-based steering and risk management

The Allianz Group is exposed to a variety of risks through its core insurance and asset management activities, including market, credit, underwriting, business, operational, strategic, liquidity, and reputational risks.

As an integrated financial services provider, we consider diversification across different business segments and regions to be an important element in managing our risks efficiently, as it limits the economic impact of any single event and contributes to relatively stable results. Our aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations.

With Solvency II being the regulatory regime relevant for the Group as of 1 January 2016, our risk profile is measured and steered based on our approved Solvency II internal model[2]. We have introduced a target solvency ratio in accordance with Solvency II, based on pre-defined stress scenarios for both the Group and related undertakings, supplemented by ad-hoc scenarios, historical and reverse stress tests, and sensitivity analyses.

In addition, central elements of Allianz's dividend policy are linked to Solvency II capitalization based on the internal model. This helps us ensure a consistent view on risk steering and capitalization in line with the Solvency II framework.

1_Related undertakings are also referred to as operating entities.

2_From a formalistic perspective, the German Supervisory Authority deems our model to be "partial" because not all our entities are using the internal model. Some of our smaller entities report under the standard formula and others under the deduction and aggregation approach. Without loss of generality, we might use the term internal model in the following chapters, e.g., in case descriptions also referring to entities that use the internal model, or descriptions focusing on processes with respect to the internal model components.

Allianz steers its portfolio taking a comprehensive view at risk and return, which is based on the internal model and includes scenario analysis: Risk and concentrations are actively restricted by limits based on our internal model and there is a comprehensive analysis of the return on risk capital[1] (RoRC). RoRC allows us to identify profitable lines of business and products on a sustainable basis, reflecting the capital commitment over the life time of the products, and is a key criterion for capital allocation decisions.

As a consequence, the internal model is fully integrated in business steering and its application satisfies the so-called "use test" requirement under Solvency II.

MARKET RISK

As an inherent part of our insurance operations, we collect premiums from our policyholders and invest them in a wide variety of assets; the resulting investment portfolios back the future claims payments and benefits to our customers. In addition, we also invest shareholders' capital, which is required to support the business. Finally, we use derivatives, mostly to hedge our portfolio against adverse market movements (for example, protective puts) or to reduce our reinvestment risk (for example, by using forwards, swaps, or swaptions). Asset/liability management (ALM) decisions are taken based on the internal model, considering both the risks and the returns on the financial market.

As the fair values of our investment portfolios and liabilities depend on the changes observed in the financial markets, we are exposed to the risk of adverse financial market developments. The long-dated liabilities in our Life/Health business segment and those attributable to internal pensions contribute to interest rate risk, in particular if they cannot be fully matched by available investments due to long maturities. In addition, we are also exposed to adverse changes in equity and real estate prices, credit spread levels, inflation, implied volatilities, and currencies, which might impact the value of our portfolios.

To measure these market risks, real-world stochastic models[2] for the relevant risk factors are calibrated using historical time series to generate possible future market developments. After the scenarios for all the risk factors are generated, the asset and liability positions are revalued under each scenario. The worst-case outcome of the sorted portfolio profit and loss distribution at a certain confidence level (99.5%) defines the market Value at Risk (VaR). For entities modeled using the standard formula, the market risk is based on aggregating the losses under specified standard formula shocks.

Strategic asset allocation benchmarks and risk limits, including financial VaR, stand-alone interest rate and equity sensitivity limits, and foreign exchange exposure limits, are defined for the Group and related undertakings. Limits are closely monitored and, if a breach occurs, countermeasures are implemented which may include escalation to the respective decision-making bodies and/or the closing of positions. Furthermore, we have put in place standards for hedging activities, due to the exposure to fair-value options embedded in our life insurance products. Finally, guidelines are provided by the Group regarding certain investments, new investment products, and the use of derivatives. Compliance with these guidelines is controlled by the respective risk and controlling functions.

INTEREST RATE RISK

Allianz is a liability-driven investor. We may suffer an economic loss in the event of falling interest rates as we reinvest maturing assets at lower rates prior to the maturity of liability contracts, if the duration of our assets is shorter than our liabilities. This risk is higher for long-dated life investment and savings products as well as for internal pensions, with a significant part of the Life/Health business segment's interest rate risk coming from Western Europe, mainly from traditional life insurance products with guarantees. Conversely, opportunities may arise when interest rates increase, as this may result in returns from reinvestments being higher than the rates guaranteed. Interest rate risk is managed within our asset/liability management process and controlled via interest rate sensitivity and duration mismatch limits for the Group and the local entities.

INFLATION RISK

As an insurance company, we are exposed to changing inflation rates, predominantly due to our Non-Life insurance obligations but also due to inflation-indexed internal pension obligations. While inflation assumptions are taken into account in our product development and pricing, unexpected inflation increases both future claims and expenses, leading to high liabilities; conversely, if future inflation rates were to be lower than assumed, liabilities would be lower than anticipated. The risk of changing inflation rates is incorporated in our internal model.

EQUITY RISK

The Group's insurance-focused operating entities may hold equity investments to diversify their portfolios and take advantage of expected long-term returns. Strategic asset allocation benchmarks and investment limits are used to manage and monitor these exposures. In addition, equity investments fall within the scope of the credit risk platform to avoid single-name risk concentrations. Risks from changes in equity prices are normally associated with decreasing share prices and increasing equity price volatilities. As stock markets might also increase, opportunities may arise from equity investments.

CREDIT SPREAD RISK

Fixed-income assets such as bonds may lose value if credit spreads widen. However, our risk appetite for credit spread risk takes into account the underlying economics of our business model: As a liability-driven investor, we typically hold fixed-income assets until maturity. This implies that short-term changes in market prices do not affect us. In our capacity as a long-term investor, this gives us the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component.

1_The return on risk capital is defined as the present value of future real world profits on the capital requirement (including buffer to regulatory requirements) held at local level.

2_Internal pensions are evaluated and modelled based on deterministic models, following IAS19 principles.

CURRENCY RISK

Our operating entities typically invest in assets which are denominated in the same currency as their liabilities; however, some foreign currency exposures are allowed to support portfolio diversification and tactical investment decisions. Our largest exposure to foreign currency risk comes from our ownership of non-Euro entities: Whenever the Euro strengthens, the Euro equivalent net asset value of our foreign subsidiaries will decline from a Group perspective; however, at the same time the capital requirements in Euro will decrease, partially mitigating the total impact on Group capitalization. Based on our foreign exchange management limit framework, currency risk is monitored and managed at both the local and Group level.

REAL ESTATE RISK

Despite the risk of decreasing real estate values, real estate is a suitable addition to our investment portfolio due to good diversification benefits as well as to the contribution of relatively predictable, long-term cash flows.

The Allianz's Group Investment Committee has defined a framework for standard transactions for real estate equity and commercial real estate loan investments. These standards outline diversification targets, minimum-return thresholds, and other qualitative and quantitative requirements. All transactions that do not meet these standards or have a total investment volume (including costs) exceeding a defined threshold must be reviewed individually by Group Risk and other Group center functions. In addition, all applicable limits must be respected, in particular those resulting from strategic asset allocation as well as its leeways and risk limits, with regards to an investing entity's portfolio.

CREDIT RISK

Credit risk is measured as the potential economic loss in the value of our portfolio that would result from either changes in the credit quality of our counterparties ("migration risk") or the inability or unwillingness of a counterparty to fulfill contractual obligations ("default risk").

The Group's credit risk profile originates from three sources: our investment portfolio, our credit insurance business, and our external reinsurance.

- Investment portfolio: Credit risk results from our investments in fixed-income bonds, loans, derivatives, cash positions, and receivables whose value may decrease depending on the credit quality of the obligor. However, losses due to credit events can be shared with the policyholder for certain life insurance products.
- Credit insurance: Credit risk arises from potential claim payments on limits granted by Euler Hermes to its policyholders. Euler Hermes insures its policyholders against credit risk associated with short-term trade credits advanced to clients of the policyholder. When the client of the policyholder is unable to meet its payment obligations, Euler Hermes indemnifies the loss to the policyholder.
- Reinsurance: Credit risk arises from potential losses from non-recoverability of reinsurance receivables or due to default on benefits under in-force reinsurance treaties. Our reinsurance partners are carefully selected by a dedicated team. Besides focusing on companies with strong credit profiles, we may also require letters of credit, cash deposits, or other financial measures to further mitigate our exposure to credit risk.

The internal credit risk capital model takes into account the major determinants of credit risk for each instrument, including exposure at default, rating, seniority, collateral, and maturity. Additional parameters assigned to obligors are migration probabilities and obligor asset correlations reflecting dependencies within the portfolio. Ratings are assigned to single obligors via an internal rating approach. It is based on long-term ratings from rating agencies, which are dynamically adjusted using market-implied ratings and the most recent qualitative information available.

The loss profile of a given portfolio is obtained through Monte Carlo simulation, taking into account interdependencies and exposure concentrations per obligor segment. The loss profiles are calculated at different levels of the Allianz Group, and then fed into the internal model at each level for further aggregation across sources of risk to derive diversified credit risk.

Our credit insurance portfolio is modeled by Euler Hermes, based on a proprietary model component which is a local adaptation of the central internal credit risk model. Euler Hermes' loss profile is integrated in the Group's internal credit risk model to capture the concentration and diversification effects.

To ensure effective credit risk management, credit VaR limits are derived from our internal risk capital framework, and rating bucket benchmarks are used to define our risk appetite for exposures in the lower investment grade and non-investment-grade area.

Our group-wide country and obligor group limit management framework (CRisP[1]) allows us to manage counterparty concentration risk, covering both credit and equity exposures at the Group and operating-entity levels. This limit framework forms the basis for discussions on credit actions and provides notification services featuring the quick and broad communication of credit-related decisions across the Group.

Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed. The setting of country and obligor exposure limits from the Group's perspective (i.e. the maximum concentration limit) takes into account the Allianz Group's portfolio size and structure as well as our overall risk strategy.

1_Credit Risk Platform

UNDERWRITING RISK

Underwriting risk consists of premium and reserve risks in the Property-Casualty[1] business segment as well as biometric risks in the Life/Health[2] business segment. Underwriting risks are not relevant for the Asset Management business segment and our banking operations.

PROPERTY-CASUALTY

Our Property-Casualty insurance businesses are exposed to premium-risk-related adverse developments in the current year's new and renewed business as well as to reserve risks related to the business in force.

Premium risk

As part of our Property-Casualty business operations, we receive premiums from our customers and provide insurance protection in return. Premium risk is the risk that actual claims for the business in the current year develop adversely relative to expected claims ratios. Premium risk can be mitigated by reinsurance as well as by technical excellence in underwriting. Assessing risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions which are defined centrally and applied across the Group.

Premium risk is subdivided into three categories: natural catastrophe risk, terror risk, and non-catastrophe risk including man-made catastrophes.

Premium risk is estimated based on actuarial models that are used to derive loss distributions. Non-catastrophe risks are modeled using frequency and severity models for large losses and aggregate loss distribution models for attritional losses. Natural disasters such as earthquakes, storms, and floods represent a significant challenge for risk management due to their accumulation potential and occurrence volatility. For natural catastrophe risks, we use special modeling techniques which combine portfolio data (geographic location, characteristics of insured objects, and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses. Similar approaches are used to evaluate risk concentrations for terror and man-made catastrophes, including losses from cyber incidents and industrial concentrations.

These loss distributions are then used within the internal model to calculate potential losses with a predefined confidence level of 99.5 %.

Reserve risk

Reserve risk represents the risk of adverse developments in best-estimate reserves over a one-year time horizon, resulting from fluctuations in the timing and/or amount of claims settlement. We estimate and hold reserves for claims resulting from past events that have not yet been settled. In case of unexpected developments, we will experience a reserve gain or loss dependent on the assumptions applied for the estimate.

Similar to premium risk, reserve risk is calculated based on actuarial models. The reserve distributions derived are then used within the internal model to calculate potential losses based on a predefined confidence level of 99.5 %.

In order to reduce the risk of unexpected reserve volatility, our operating entities constantly monitor the development of reserves for insurance claims on a line-of-business level. In addition, operating entities generally conduct annual reserve uncertainty analyses based on similar methods used for reserve risk calculations. The Allianz Group performs regular independent reviews of these analyses and Group representatives participate in the local reserve committee meetings.

LIFE/HEALTH

Underwriting risks in our Life/Health operations (biometric risks) include mortality, disability, morbidity, and longevity risks. Mortality, disability, and morbidity risks are associated with the unexpected increase in the occurrence of death, disability, or medical claims. Longevity risk is the risk that the reserves covering life annuities and group pension products might not be sufficient due to longer life expectancies of the insured.

Life/Health underwriting risk arises from profitability being lower than expected. As profitability calculations are based on several parameters – such as historical loss information and assumptions on inflation, mortality, or morbidity – realized parameters may differ from the ones used for underwriting. For example, higher-than-expected inflation may lead to higher medical claims in the future. However, beneficial deviations are also possible; for example, a lower morbidity rate than expected will most likely result in lower claims in income protection products.

We measure these risks within our internal model, distinguishing, where appropriate, between risks affecting the absolute level and trend development of the actuarial assumptions on the one hand and pandemic risk scenarios on the other. Depending on the nature and complexity of the risk involved, our health business is represented in the internal model according to Property-Casualty or Life/Health calculation methods and is therefore included in the relevant Property-Casualty and Life/Health figures accordingly. However, most of our health business is attributable to the Life/Health business segment.

BUSINESS RISK

Business risks include cost risks and policyholder behavior risks. They are mostly driven by the Life/Health business and to a lesser extent by the Property-Casualty business. Cost risks are associated with the risk that expenses incurred in administering policies are higher than expected or that new business volume decreases to a level that does not allow Allianz to absorb its fixed costs. Business risk is measured relative to baseline plans.

For the Life/Health business, policyholder behavior risks are risks related to the unpredictable, adverse behavior of policyholders in exercising their contractual options, such as, for instance, early termination of contracts, surrenders, partial withdrawals, renewals, and annuity take-up options.

Assumptions on policyholder behavior are set in line with accepted actuarial methods and based on own historical data, where available. If there is no historical data, assumptions are based on industry data or expert judgment. It is used as a basis to determine the economic impact of policyholder behavior under different scenarios within our internal model.

1_Property-Casualty is also referred to as Non-Life.

2_Life/Health is also referred to as Life.

OPERATIONAL RISK

Operational risks refer to losses resulting from inadequate or failed internal processes, human errors, system failures, and external events, and can stem from a wide variety of sources, including the following:

- "Clients, Products & Business Practices": potential losses due to a failure to meet the professional obligations or from the design of products. Examples include misselling, non-compliance with internal or external requirements related to products, anti-trust behavior, data protection, sanctions and embargoes, etc. These losses tend to be less frequent but, when they occur, can have high financial impact.
- "Execution, Delivery and Process Management": potential losses arising from transaction or process management failures. Examples include interest and penalties from non-payment or underpayment of taxes or losses associated with broker and agent distribution processes. These losses tend to be of a relatively higher frequency but with little financial impact (although single large-loss events can occur).
- Other operational risks including, for example, internal or external fraud, financial misstatement risk, a cyber security incident causing business disruption or fines, a potential failure at our outsourcing partners causing a disruption to our working environment, etc.

The Group's operational risk capital is dominated (more than 80 %) by the risk of potential losses within the categories "Clients, Products, and Business Practices" and "Execution, Delivery, and Process Management". With regard to the largest category "Clients, Products, and Business Practices", key external drivers are changes in laws and regulations. Internal drivers reflect potential failures of internal processes. These drivers are considered in the local scenario analyses.

Operational risk capital is calculated using a scenario-based approach based on expert judgment as well as internal and external operational loss data. The estimates for frequency and severity of potential loss events for each material operational risk category are assessed and used as a basis for our internal model calibration.

Allianz has developed a consistent operational risk management framework, which is applied across the Group based on proportionality and focuses on the early recognition and proactive management of material operational risks. The framework defines roles and responsibilities as well as management processes and methods: Local risk managers, in their capacity as the "Second Line of Defense", identify and evaluate relevant operational risks and control weaknesses via a dialog with the "First Line of Defense", report operational risk events in a central database, and ensure that the framework is implemented in their respective operating entity.

This framework triggers specific mitigating control programs. For example, compliance risks are addressed with written policies and dedicated compliance programs monitored by the Group Compliance function at Allianz Group. The risk of financial misstatement is mitigated by a system of internal controls covering financial reporting. Outsourcing risks are covered by our Outsourcing Policy, Service Level Agreements, and Business Continuity and Crisis Management programs to protect critical business functions from these events. Cyber risks are mitigated through investments in cyber security, cyber insurance that Allianz buys from third-party insurers, and a variety of ongoing control activities.

OTHER RISKS NOT MODELED IN THE INTERNAL MODEL

There are risks which, due to their nature, cannot be adequately addressed or mitigated by setting aside dedicated capital and are therefore not considered in the internal model. For the identification, analysis, assessment, monitoring, and management of these risks we also use a systematic approach, with risk assessment generally based on qualitative criteria or scenario analyses. The most important of these other risks are strategic, liquidity, and reputational risk.

STRATEGIC RISK

Strategic risk is the risk of a decrease in the company's value that will arise from adverse management decisions on business strategies and their implementation.

Strategic risks are identified and evaluated as part of the Group's Top Risk Assessment process, and discussed in various Board of Management-level committees (for example GFRC). We also monitor market and competitive conditions, capital market requirements, regulatory conditions, etc., to decide if strategic adjustments are necessary.

The most important strategic risks are directly addressed through Allianz's Renewal Agenda, which focuses on five themes: True Customer Centricity, Digital by Default, Technical Excellence, Growth Engines, and Inclusive Meritocracy. Progress on mitigating strategic risks and meeting the Renewal Agenda objectives is monitored and evaluated in the course of the Strategic and Planning Dialogs between Allianz Group and the related undertakings.

LIQUIDITY RISK

Liquidity risk is defined as the risk that current or future payment obligations cannot be met or can only be met on the basis of adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash in- and out-flows.

Each legal entity of the Allianz Group manages liquidity risk locally, using asset/liability management systems designed to ensure that assets and liabilities are adequately matched. Local investment strategies particularly focus on the quality of the investments and ensure a significant portion of liquid assets (e.g. high-rated government bonds or covered bonds) in the portfolios. In the course of liquidity planning, liquidity sources (e.g. cash from investments and premiums) and liquidity needs (e.g. payments due to insurance claims and expenses) are reconciled under a best-estimate plan, as well as under idiosyncratic and systemic adverse liquidity scenarios, to allow for a group-wide consistent view on liquidity risk. These analyses are performed at legal entity level and are monitored by the Group.

An identical liquidity stress-testing framework is applied at Allianz SE. Major contingent liquidity requirements arise mainly from market risk scenarios for Allianz SE and its subsidiaries, from the non-availability of external capital markets, and from reinsurance risk scenarios for Allianz SE.

In addition, the cash position of the Group cash pool investment portfolio is monitored and forecast on a daily basis and is subject to an absolute minimum amount and an absolute alert amount. Both limits are defined for the Allianz SE cash pool in order to be protected against short-term liquidity crises.

The strategic liquidity planning process addresses future potential liquidity needs and manages available liquidity sources in an efficient and effective manner. The annual and high-level three-year cash flow plan for the Holding and Treasury reportable segment of the

Allianz SE reflects the overall operating, financing, and investing strategy of the Allianz Group and is subject to the approval of the Board of Management. Liquidity planning is constantly monitored and regularly reported on to the Board of Management.

REPUTATIONAL RISK

Allianz's reputation as a well-respected and socially aware provider of financial services is influenced by our behavior in a range of areas such as product quality, corporate governance, financial performance, customer service, employee relations, intellectual capital, and corporate responsibility.

Reputational risk is the risk of an unexpected drop in the value of the Allianz SE share price, the value of the in-force business, or the value of future business caused by a decline in our reputation in external stakeholders' judgment.

The identification and assessment of reputational risks is part of the annual Top Risk Assessment process. During this process, senior management decides on a risk management strategy for the most significant risks facing the company, including those with a potentially severe reputational impact.

The management of Environmental, Social and Governance (ESG) risks – which are closely related to reputational risk – is supported by a dedicated Group ESG Board and Group ESG Office,[1] which help steer the integration of ESG aspects into core investment and insurance activities. Significant ESG and other reputational risks identified in the course of business are escalated to experts from Group Communications and Corporate Responsibility, Group Risk, and Group ESG for assessment and decision-making, with the GFRC acting as the ultimate escalation/decision-making body.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses, and which forms the basis for determining our Solvency II regulatory capitalization. On a quarterly basis, we calculate and consistently aggregate internal risk capital across all business segments. We also project risk capital requirements on a bi-weekly basis during periods of financial market turbulence.

GENERAL APPROACH

For the management of our risk profile and solvency position, we utilize an approach that reflects the Solvency II rules in that it comprises our approved internal model and covers all major insurance operations. Other entities are reflected based on standard formula results, others under the deduction and aggregation approach as well as on sectoral or local requirements for non-insurance operations, in accordance with the Solvency II framework.

INTERNAL MODEL

Our internal model is based on a VaR approach using a Monte Carlo simulation. Following this approach, we determine the maximum loss in portfolio value in scope of the model within a specified timeframe ("holding period", set at one year) and probability of occurrence ("confidence level", set at 99.5%). We simulate risk events from all risk categories ("sources of risk") modeled and calculate the portfolio value based on the net fair value of assets minus liabilities, including risk-mitigating measures such as reinsurance contracts or derivatives, under each scenario.

The risk capital required is defined as the difference between the current portfolio value and the portfolio value under adverse conditions at the 99.5% confidence level. As we consider the impacts of a negative or positive event on all risk sources and covered businesses at the same time, diversification effects across products and regions are taken into account. The results of our Monte Carlo simulation allow us to analyze our exposure to each source of risk both separately and in aggregate. We also analyze several pre-defined stress scenarios representing historical events, reverse stress tests, and adverse scenarios relevant for our portfolio. Furthermore, we conduct ad-hoc stress tests monthly to reflect current political and financial developments and to analyze specific non-financial risks more closely.

COVERAGE OF THE RISK CAPITAL CALCULATIONS

The Allianz Group's internal model to calculate our Solvency Capital Requirement (SCR) covers all major insurance operations[2]. This includes both relevant assets (including fixed-income, equities, real estate, and derivatives) and liabilities (including the run-off of all current and planned technical provisions as well as deposits, issued debt and other liabilities). For with-profit products in the Life/Health business segment, the options and guarantees embedded in insurance contracts – including policyholder behavior – are taken into account.

Smaller related undertakings in the European Economic Area which are not covered by the internal model are reflected with their standard formula results. At the Group level, the Solvency Capital Requirements for smaller insurance undertakings outside the European Economic Area with only immaterial impact on the Group's risk profile are accounted for by means of book value deduction.[3]

Risk capital related to our European banking operations is allocated to the Corporate and Other business segment and calculated based on the approach applied by banks in accordance with the local requirements resulting from the Basel regulation (Basel standards). As the capital requirements for the banking business are only approximately 0.9% (2018: 0.9%) of our total pre-diversified Group Solvency Capital Requirement, risk management for the banking operations is not discussed in greater detail.

1_The Allianz Environmental, Social, Governance (ESG) Board and the ESG office are constituted as advisor to the Board of Management of Allianz SE and will further elevate environmental, social, and governance aspects in corporate governance and decision-making processes at the Allianz Group.

2_Allianz Life US is based on third-country equivalence.

3_Under book value deduction, the book value of the respective entity is deducted from eligible Own Funds of the Group.

For our Asset Management business segment, we assign internal risk capital requirements based on sectoral regulatory capital requirements. The Asset Management business is affected mainly by operational risks. However, since most of our Asset Management business is not located in the Eurozone, at Group level its participation value bears a foreign exchange rate risk. Our Asset Management business is covered by adequate risk controlling processes, including qualitative risk assessments (such as the Top Risk Assessment) and regular reporting to the Group. As the impact on the Group's total Solvency Capital Requirement is minor, risk management with respect to Asset Management is not discussed in greater detail.

In view of the above, Allianz's risk capital framework covers all material and quantifiable risks. Risks not specifically covered by the internal model include strategic, liquidity, and reputational risks.

ASSUMPTIONS AND LIMITATIONS

RISK-FREE RATE AND VOLATILITY ADJUSTMENT

When calculating the fair values of assets and liabilities, the assumptions regarding the underlying risk-free yield curve are crucial in determining and discounting future cash flows. For liability valuation, we apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) as part of its technical documentation (EIOPA-BoS-15/035) to extrapolate the risk-free interest rate curves beyond the last liquid tenor.[1]

In addition, we adjust the risk-free yield curves by a volatility adjustment (VA) in most markets where a volatility adjustment is defined by EIOPA and approved by the local regulator. This is done to better reflect the underlying economics of our business, as the cash flows of our insurance liabilities are largely predictable. The advantage of being a long-term investor is the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component over the duration of the bonds. Being a long-term investor mitigates much of the risk of having to sell debt instruments at a loss prior to maturity.

We take account of this by applying volatility adjustment to mitigate the credit spread risk, which we consider to be less meaningful for long-term investors than the default risk. Allianz also models the volatility adjustment dynamically within our approved internal model, which differs from the static EIOPA VA concept applied in the standard formula. For risk capital calculations, we assume a dynamic movement of the volatility adjustment broadly consistent with the way the VA would react in practice; however, we base the movement on our own portfolio rather than the EIOPA portfolio. To account for this deviation, Allianz applies a more conservative, reduced application ratio for the dynamic volatility adjustment. Validation is performed regularly to verify the appropriateness and prudency of the approach.

VALUATION ASSUMPTIONS: REPLICATING PORTFOLIOS

We replicate the liabilities of our Life/Health insurance business. This technique enables us to represent all product-related options and guarantees, both contractual and discretionary, by means of standard financial instruments. In the risk calculation, we use the replicating portfolio to determine and revalue these liabilities under all potentially adverse Monte Carlo scenarios.

DIVERSIFICATION AND CORRELATION ASSUMPTIONS

Our internal model considers concentration, accumulation, and correlation effects when aggregating results at the Group level. The resulting diversification reflects the fact that all potential worst-case losses are not likely to materialize at the same time. As we are an integrated financial services provider offering a variety of products across different business segments and geographic regions, diversification is key to our business model.

Diversification typically occurs when looking at combined risks that are not, or only partly, interdependent. Important diversification factors include regions (for example, windstorm in Australia vs. windstorm in Germany), risk categories (for example, market risk vs. underwriting risk), and subcategories within the same risk category (for example, commercial vs. personal lines of property and casualty risk). Ultimately, diversification is driven by the specific features of the investment or insurance products in question and their respective risk exposures. For example, an operational risk event at an Australian entity can be considered to be highly independent of a change in credit spreads for a French government bond held by a German entity.

Where possible, we derive correlation parameters for each pair of market risks through statistical analysis of historical data, considering quarterly observations over more than a decade. In case historical data or other portfolio-specific observations are insufficient or unavailable, correlations are set by the Correlation Settings Committee, which combines the expertise of risk and business experts in a well-defined and controlled process. In general, when using expert judgment we set the correlation parameters to represent the joint movement of risks under adverse conditions. Based on these correlations, we use an industry-standard approach, the Gaussian copula, to determine the dependency structure of quantifiable sources of risk within the applied Monte Carlo simulation.

1_Due to late availability of EIOPA publication, the risk-free interest rate term structure used might slightly differ from the one published by EIOPA.

ACTUARIAL ASSUMPTIONS

Our internal model also includes assumptions on claims trends, liability inflation, mortality, longevity, morbidity, policyholder behavior, expense, etc. We use our own internal historical data for actuarial assumptions wherever possible, additionally considering recommendations from the insurance industry, supervisory authorities, and actuarial associations. The derivation of our actuarial assumptions is based on generally accepted actuarial methods. Within our internal risk capital and financial reporting framework, comprehensive processes and controls exist for ensuring the reliability of these assumptions.

MODEL LIMITATIONS

As the internal model is based on a 99.5 % confidence level, there is a low statistical probability of 0.5 % that actual losses could exceed this threshold at the Group level in the course of one year.

We use model and scenario parameters derived from historical data, where available, to characterize future possible risk events. If future market conditions were to differ substantially from the past, for example in an unprecedented crisis, our VaR approach might be too conservative or too liberal in ways that are difficult to predict. In order to mitigate reliance on historical data, we complement our VaR analysis with stress testing.

Furthermore, we validate the model and parameters through sensitivity analyses, independent internal peer reviews, and, where appropriate, independent external reviews, focusing on methods for selecting parameters and control processes. To ensure that the model is validated adequately, we have established an Independent Validation Unit (IVU) within Group Risk, responsible for validating our internal model within a comprehensive model validation process. Any limitations identified during the validation process are remedied after consultation with the Group regulator. Overall, we believe that our validation efforts are effective and that the model adequately assesses the risks to which we are exposed.

The construction and application of the replicating portfolios mentioned are subject to the set of replicating instruments available and might be too simple or restrictive to capture all factors affecting the change in value of liabilities. As with other model components, the replication framework is subject to independent validation and to suitability assessments as well as to stringent data and process quality controls. Therefore, we believe that our liabilities are adequately represented by the replicating portfolios.

Since the internal model takes into account the change in the economic fair value of our assets and liabilities, it is crucial to estimate the market value of each item accurately. For some assets and liabilities it may be difficult, if not impossible – notably in distressed financial markets – to either obtain a current market price or apply a meaningful mark-to-market approach. For such assets we apply a mark-to-model approach. For some of our liabilities, the accuracy of their values also depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

REGULATORY AND MODEL CHANGES IN 2019

In 2019, our internal model was further enhanced based on regulatory developments, model validation results, and the feedback received in the course of our consultations with regulators.

The net impact of regulatory and model changes on the Solvency II risk capital of the Group in 2019 was € 0.2 bn. This is mainly driven by the positive impact of the regulatory change for the reduction in the ultimate forward rate (UFR) and a refinement of our cross-effect modeling as well as the modeling of surplus funds in Allianz Lebensversicherungs-Aktiengesellschaft. This was partly offset by the introduction of several minor and immaterial model changes at both the Group and entity levels. Cross-effects are defined as the effects arising due to the interaction between different risk categories. In addition, in an effort to enhance its explanatory power, our approach for allocating risk capital to business segments, related undertakings, and risk types was updated to reduce artificial volatility in risk contributions over time. The presentation of risk capital was also updated by explicitly showing risk capital attributed to capital add-ons, sectoral requirements, and third-country equivalent entities, in line with the Solvency II aggregation logic.

In all subsequent sections, the figures including model changes will form the basis for the movement analysis of our risk profile in 2019.

Allianz Group: Impact of regulatory and model changes – allocated risk according to the risk profile (total portfolio before non-controlling interests)
€ mn

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
As of 31 December	2018[1]	2018[2]	2018[1]	2018[2]	2018[1]	2018[2]	2018[1]	2018[2]	2018[1]	2018[2]	2018[1]	2018[2]	2018[1]	2018[2]
Property-Casualty	4,274	4,266	2,215	2,242	10,592	10,777	674	693	1,606	1,668	(4,671)	(4,513)	14,692	15,132
Life/Health	13,245	13,087	2,230	2,257	367	346	3,189	3,218	1,689	1,687	(5,913)	(6,038)	14,806	14,556
Corporate and Other	1,517	1,576	472	478	112	88	-	-	528	518	(848)	(940)	1,781	1,720
Total Group	**19,036**	**18,928**	**4,917**	**4,976**	**11,070**	**11,211**	**3,863**	**3,911**	**3,824**	**3,873**	**(11,432)**	**(11,491)**	**31,279**	**31,408**
											Tax		(4,236)	(4,258)
											Capital Add-On		1,567	1,266
											Third country equivalent		3,132	3,132
											Sectoral requirement		1,937	1,937
											Total Group		**33,679**	**33,487**

1_2018 risk profile figures adjusted based on the 2019 model changes impact.
2_2018 risk profile figures as reported previously. However, capital add-on, sectoral requirement and third country equivalent figures have been isolated.

In 2019, the impact of model changes to our internal model concerned the following risk categories:

MARKET RISK
The negative effects of minor and immaterial model changes as well as regulatory changes – mostly allocated to market risk including the reduction in the ultimate forward rate – compensated the positive effect of the cross-effect model change. This resulted in an overall increase of market risk which affected all business segments, with the largest impact concerning the Life/Health business segment. The combined impact on the total market risk of Allianz Group was an increase of € 0.1 bn to € 19.0 bn (2018: € 18.9 bn).

CREDIT RISK
No material model change was applied to the risk capital model for credit risk in 2019. However, minor model changes and model updates in the credit risk model as well as model changes in other risk modules that affect the credit risk model resulted in a decrease of credit risk by € 59 mn to € 4.9 bn (2018: € 5.0 bn).

UNDERWRITING, BUSINESS AND OPERATIONAL RISKS
The changes to these risk categories shown in the table above are driven by minor and immaterial model changes as well as by the update in the central correlation matrix.

CAPITAL ADD-ONS
The increase of the risk capital requirement of € 0.3 bn is mainly driven by the introduction of a capital add-on to reflect not modeled cross-effects in the surplus funds of Allianz Lebensversicherungs-Aktiengesellschaft.

IMPACT OF MODEL CHANGES ON ELIGIBLE GROUP OWN FUNDS
The regulatory and model changes in 2019 resulted in a € 0.2 bn decrease of Own Funds, mainly driven by the modeling of dynamic cost inflation at Lebensversicherungs-Aktiengesellschatft, the adjustment of the UFR by -15 basis points, and the update of contract boundaries at Allianz Vie, partially offset by the first-time recognition of the unallocated mathematical reserve (provision pour participation aux excédents, PPE) as surplus funds at Allianz Vie.

Allianz risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT
The Allianz Group is exposed to a variety of risks. The largest risks in terms of their contribution to Allianz's risk profile are:

- Financial risk, especially equity risk, credit and credit spread risks driven by assets backing long-term liabilities, which we take to benefit from the expected risk premium. The interest rate risk has increased due to the low interest rate environment.
- Property-Casualty premium and reserve risks resulting from natural and man-made catastrophes as well as from claims uncertainty.

Our risk profile and relative contributions changed in 2019, predominantly due to changes in the market environment, management actions, and regulatory and model changes. Please refer to the section "Solvency II regulatory capitalization" for further details.

POTENTIAL RISKS IN THE FINANCIAL MARKET AND IN OUR OPERATING ENVIRONMENT
Financial markets are characterized by historically low interest rates and risk premiums, causing some investors to look for higher-yielding – and potentially higher-risk – investments. In addition to sustained low interest rates, the challenges of implementing long-term structural reforms in key Eurozone countries, the uncertainty about future monetary and fiscal policies, rising populism, and increased trade tension may lead to increasing market volatility. The increasing reliance on digital technologies – to enhance efficiency and competitiveness – increases the risk of cyber attacks, data breaches, and system failures. There is also the risk of noncompliance with increasing regulation covering IT-related business processes. This could be accompanied by a flight to quality, combined with falling equity and bond prices due to rising spread levels, even in the face of potentially lower interest rates. We therefore continue to closely monitor political and financial developments – such as the Brexit in the United Kingdom, the potential rise of Euroscepticism, and the global trade situation – in order to manage our overall risk profile to specific event risks.

Risk caused by Brexit in the United Kingdom
Political risk is the risk that returns could suffer as a result of political changes or instability in a country, a region, or globally. One current example is the Brexit (i.e., the withdrawal of the United Kingdom from the European Union). The Allianz Group is exposed to it through business and insurance / derivative contract continuity risk, and the impact on earnings and solvency.

Based on our assessments, the Allianz Group is well prepared for the Brexit and confident that it will have only minimal direct impact on both the Group and its activities. This is because our insurance, asset management, and investment management entities have taken actions to ensure that they will be in a position to handle various Brexit scenarios. Examples:

- Allianz insurance and asset management entities will be able to continue coverage and services by using legal possibilities such as temporary permission, run-off regimes, and/or branch solutions, depending on the respective business case.
- No issues are expected regarding derivatives, as we are in the process of shifting our derivatives to EU markets as appropriate. In addition, we expect that all outstanding derivatives will be valid for a reasonable time period post Brexit.
- Even under conservative assumptions (driven by assumed adverse financial market developments), the Group will remain well-capitalized.

REGULATORY DEVELOPMENTS

As Solvency II became effective in 2016, our approved internal model has been applied since the beginning of that year. There is still some uncertainty about future regulatory requirements, as potential future capital requirements for Internationally Active Insurance Groups (so-called IAIG) as well as Global Systemically Important Insurers (so-called G-SIIs) are yet to be finalized by the International Association of Insurance Supervisors (IAIS).

In addition, the EU Commission has commissioned EIOPA to carry out investigations into the upcoming review of the Solvency II directive in 2020. The order contains an extensive list of topics from a wide variety of areas, from capital requirements to reporting and on to proportionality. Based on a holistic impact study to be carried out in March 2020, EIOPA will carry out impact assessments and submit its recommendations to the European Commission by 30 June 2020. According to the required trilog negotiations at European level as well as transposition into national law, final implementation is not expected before 2022. In this context, the Allianz Group actively participates in discussions with the EU Commission, EIOPA, local regulators, Insurance Europe, and GDV.

Therefore, future Solvency II Capital Requirements might change depending on the outcome of the 2020 review of the Solvency II framework by EIOPA. Concrete effects of the Solvency II review for the Group, however, can only be assessed after final results are available.

Finally, the potential for a multiplicity of different regulatory regimes, capital standards, and reporting requirements will increase operational complexity and costs.

MANAGEMENT ASSESSMENT

The Allianz Group's management feels comfortable with the Group's overall risk profile, and confident that the effectiveness of its risk management framework meets both the challenges of a rapidly changing environment and day-to-day business needs. This confidence is based on several factors:

- Due to its effective capital management, the Allianz Group is well capitalized and has met its internal, rating agency, and regulatory solvency targets as of 31 December 2019. Allianz remains one of the most highly rated insurance groups in the world, as reflected by our external ratings.
- Allianz is well positioned to deal with potentially adverse future events – due, in part, to our strong internal limit framework, stress testing, internal model, and risk management practices.
- The Group has a conservative investment profile and disciplined business practices in the Property-Casualty, Life/Health, and Asset Management business segments, leading to sustainable operating earnings with a well-balanced risk-return profile.
- Finally, the Group has the additional advantage of being well-diversified, both geographically and across a broad range of businesses and products.

SOLVENCY II REGULATORY CAPITALIZATION

The Allianz Group's Own Funds and capital requirements are based on the market value balance sheet approach, which is consistent with the economic principles of Solvency II[1]. Our regulatory capitalization is shown in the following table.

Allianz Group: Solvency II regulatory capitalization
€ mn

As of 31 December		2019	2018
Own Funds	€ bn	84.0	76.8
Capital requirement	€ bn	39.5	33.5
Capitalization ratio	%	212	229

The following table summarizes our Solvency II regulatory capitalization ratios disclosed over the course of the year 2019:

Allianz Group: Solvency II regulatory capitalization ratios
%

	31 Dec 2019	30 Sept 2019	30 Jun 2019	31 Mar 2019	31 Dec 2018
Capitalization ratio	212	202	213	218	229

Compared to year-end 2018, our Solvency II capitalization ratio decreased by 17%-p to 212% (2018: 229%) as the increase in Solvency II Capital Requirement was only partially offset by the increase in Own Funds. Over the course of the year, Solvency II earnings combined with business growth had a positive impact on our Solvency II capitalization. This was supported by management actions such as asset de-risking and mitigating measures that improved our interest rate risk profile in the current low interest rate environment. However,

1_Own Funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension, as described in section "Risk-free rate and volatility adjustment".

the positive effects were partly offset by capital management activities such as the share buy-back program and the dividend accrual, as well as the acquisition of shares of Taikang and of businesses from Liverpool Victoria General Insurance Group Limited and Legal & General Insurance Limited. Unfavorable market developments – predominantly characterized by lower interest rates – as well as regulatory and model changes also contributed to the reduction of our Solvency II ratio. Additional impacts such as taxes, changes in transferability restrictions, and diversification effects were broadly offsetting.

The following table presents the sensitivities of our Solvency II capitalization ratio under certain standard financial market scenarios.

Allianz Group: Solvency II regulatory capitalization ratio sensitivities
%

As of 31 December	2019	2018
Base capitalization ratio	212	229
Interest rates up by 0.5%[1]	217	231
Interest rates down by 0.5%[1]	203	226
Equity prices up by 30 %	225	238
Equity prices down by 30%	197	221
Combined scenario: Equity prices down by 30% Interest rate down by 0.5%[1]	190	217

1_Non-parallel interest rate shifts due to extrapolation of the yield curve beyond the last liquid point in line with Solvency II rules.

The Allianz Group is a financial conglomerate within the scope of the Financial Conglomerate Directive (FCD). The FCD does not impose a materially different capital requirement on Allianz Group compared to Solvency II.

Quantifiable risks and opportunities by risk category

This Risk and Opportunity Report outlines the Group's risk figures, reflecting its risk profile based on pre-diversified risk figures and Group diversification effects.

At the Allianz Group, we measure and steer risk based on an approved internal model which measures the potential adverse developments of Own Funds. This results in an overview of how our risk profile is distributed over different risk categories, and determines the regulatory capital requirements in accordance with Solvency II.

With the exception of the Asset Management business segment, all business segments are exposed to the full range of risk categories. As mentioned earlier, the Asset Management business segment is predominantly exposed to operational and market risks and to a lesser extent to credit risk. The risk capital for the Asset Management business segment is allocated to sectoral requirement.

The pre-diversified risk figures reflect the diversification effect within each modeled risk category (i.e. market, credit, underwriting, business, and operational risk) but do not include the diversification effects across risk categories. Group diversified risk figures also capture the diversification effect across all risk categories.

The Group diversified risk is broken down as follows:

Allianz Group: Allocated risk according to the risk profile (total portfolio before non-controlling interests)
€ mn

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
As of 31 December	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]
Property-Casualty	5,632	4,274	2,283	2,215	11,529	10,592	691	674	1,602	1,606	(6,259)	(4,671)	15,478	14,692
Life/Health	17,859	13,245	2,726	2,230	439	367	2,855	3,189	1,536	1,689	(4,934)	(5,913)	20,481	14,806
Corporate and Other	1,955	1,517	474	472	127	112	-	-	406	528	(726)	(848)	2,237	1,781
Total Group	**25,446**	**19,036**	**5,484**	**4,917**	**12,095**	**11,070**	**3,546**	**3,863**	**3,545**	**3,824**	**(11,918)**	**(11,432)**	**38,196**	**31,279**
											Tax		(5,434)	(4,236)
											Capital Add-On		1,506	1,567
											Third country equivalent		3,218	3,132
											Sectoral requirement		2,038	1,937
											Total Group		**39,525**	**33,679**

1_2018 risk profile figures adjusted based on the 2019 model changes impact.

The following sections explain the evolution of our risk profile per modeled risk category. All risks are presented on a pre-diversified basis and concentrations of single sources of risk are discussed accordingly.

As of 31 December 2019, the Group diversified risk capital, which reflects our risk profile before considering non-controlling interests, amounted to € 39.5 bn (2018: € 33.5 bn). This represents a slight increment in the diversification benefit – before tax – of 0.4% to 23.8%. The increase in Solvency II Capital Requirement was mainly due to market impacts that are essentially driven by the strong decrease in interest rates and the increase in equity indices over the year. Business evolution also increased the SCR as net earned premiums in the Property-Casualty business segment increased and the Life/Health business segment grew. Management actions – such as the acquisition of ADAC Autoversicherung AG, Liverpool Victoria General Insurance Group Limited, Legal & General Insurance Limited, and Taikang – also contributed to the increase in the Capital Requirement of the Group. Some targeted asset de-risking measures we implemented created an offsetting effect.

MARKET RISK

The following table presents our group-wide risk figures related to market risks by business segment and source of risk.

Allianz Group: Risk profile – market risk by business segment and source of risk (total portfolio before tax and non-controlling interests)
pre-diversified, € mn

	Interest rate		Inflation		Credit spread		Equity		Real estate		Currency		Total	
As of 31 December	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]	2019	2018[1]
Property-Casualty	(397)	(654)	(1,526)	(1,481)	2,697	2,793	3,190	2,492	1,421	1,254	247	(131)	5,632	4,274
Life/Health	2,496	2,003	(132)	(199)	7,321	5,242	6,888	5,030	1,524	1,170	(237)	(1)	17,859	13,245
Corporate and Other	252	298	(275)	(304)	568	631	1,161	593	206	102	44	197	1,955	1,517
Total Group	**2,351**	**1,648**	**(1,932)**	**(1,984)**	**10,585**	**8,667**	**11,239**	**8,115**	**3,150**	**2,526**	**54**	**65**	**25,446**	**19,036**
									Share of total Group pre-diversified risk				44.7 %	38.6 %

1_2018 risk profile figures adjusted based on the 2019 model changes impact.

The Group's total pre-diversified market risk increased by € 6.4 bn, which was mainly driven by equity, credit spread, interest rate and real estate risks, especially in the Life/Health business segment. In the course of the year, the increase in equity prices and the tightening of credit spreads observed in financial markets, the reduction of the volatility adjuster spreads and the corresponding changes in the equity and fixed-income investment portfolios resulted in a higher contribution of market risk. Significant decreases in interest rates, which decrease policyholder participation, also contributed to higher interest rate and credit spread risks. However, this was slightly dampened by management actions – in particular duration management measures – that improved the interest rate risk profile. Real estate risk increased due to higher exposure in real estate and infrastructure investments. The overall increase in market risk was also supported by business growth and the acquisition activities, while exposure changes due to asset/liability management measures and the corresponding effects on the diversification between market risk factors minimized the impact to some extent.

INTEREST RATE RISK

As of 31 December 2019, our interest-rate-sensitive investments excluding unit-linked business – amounting to a market value of € 460.8 bn (2018: € 421.3 bn)[1] – would have gained € 49.8 bn (2018: € 42.1 bn) or lost € 42.8 bn (2018: € 36.4 bn)[2] in value in the event of interest rates shifting by -100 and +100 basis points, respectively. However, these impacts would have been partially offset by policyholder participation. In addition, the Solvency II Own Funds effect is much more limited due to our active duration management, limiting the duration mismatch of the Group to negative 0.1 years, representing Solvency II liabilities of longer duration than assets.

EQUITY RISK

As of 31 December 2019, our investments excluding unit-linked business that are sensitive to changing equity markets – amounting to a market value of € 75.7 bn[3] (2018: € 59.4 bn) – would have lost € 20.0 bn[4] (2018: € 12.4 bn) in value assuming equity markets had declined by 30%. However, this impact would have been partially offset by policyholder participation.

1_The stated market value includes all assets whose market value is sensitive to interest rate movements (excluding unit-linked business) reflecting the Solvency II framework, and therefore is not based on classifications given by accounting principles.
2_The effects do not consider policyholder participation.

REAL ESTATE RISK

As of 31 December 2019, about 5.5% (2018: 6.0%) of the total pre-diversified risk was related to real estate exposures.

CREDIT RISK

The following table presents our group-wide risk figures for credit risks by business segment.

Allianz Group: Risk profile – allocated credit risk by business segment (total portfolio before tax and non-controlling interests)
pre-diversified

As of 31 December		2019	2018[1]
Property-Casualty	€ mn	2,283	2,215
Life/Health	€ mn	2,726	2,230
Corporate and Other	€ mn	474	472
Total Group	**€ mn**	**5,484**	**4,917**
Share of total Group pre-diversified risk	%	9.6	10.0

1_2018 risk profile figures adjusted based on the 2019 model changes impact.

Throughout 2019, the credit environment remained stable with regard to credit migration risk and default risk.

The overall credit risk for the Allianz Group increased by € 0.6 bn to € 5.5 bn (2018: € 4.9 bn). This was mainly driven by the low interest rate environment compared to the previous year, which generally increased credit risk exposures thereby increasing credit risk. This also contributed to a decrease in the loss-absorbing capacity of technical provisions in the traditional life business, which increased the credit risk after considering policyholder participation.

3_The stated market value includes all assets whose market value is sensitive to equity movements (excluding unit-linked business) reflecting the Solvency II framework, and therefore is not based on classifications given by accounting principles.
4_The effect does not consider policyholder participation.

CREDIT RISK – INVESTMENTS

As of 31 December 2019, the credit risk arising from our investment portfolio accounted for 80.6 % (2018: 79.2 %) of our total Group pre-diversified internal credit risk[1].

Credit risk in the Life/Health business segment is primarily driven by long-term assets covering long-term liabilities. Typical investments are government bonds, senior corporate bonds, covered bonds, self-originated mortgages and loans, and a modest amount of derivatives. In the Property-Casualty business segment, fixed-income securities tend to be short- to mid-term, due to the nature of the business, which explains the lower credit risk in this segment.

The counterparty credit risk arising from derivatives is low, since derivatives usage is governed by the group-wide internal guideline for collateralization of derivatives, which stipulates master netting and collateral agreements with each counterparty and requires high-quality and liquid collateral. In addition, Allianz closely monitors counterparties' credit ratings and exposure movements.

As of 31 December 2019, the rating distribution based on issue (instrument) ratings of our fixed-income portfolio was as follows:

Rating distribution of Allianz Group's fixed-income portfolio[1] – fair value
€ bn

Type of issuer	Government / agency		Covered bond		Corporate		Banks		ABS / MBS		Short-term loan		Other		Total	
As of 31 December	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
AAA	46.5	43.9	46.4	49.0	2.5	2.1	2.7	2.6	20.5	18.1	-	0.0	0.0	0.0	118.7	115.6
AA	105.0	93.8	17.2	18.6	20.7	23.0	5.2	5.0	5.6	3.9	1.1	1.5	0.1	0.0	154.8	145.9
A	37.0	30.1	6.8	6.7	69.1	53.0	19.3	16.0	1.2	1.0	0.6	0.5	0.2	0.3	134.2	107.7
BBB	37.3	33.6	0.7	1.8	116.6	104.2	6.6	7.3	0.7	0.5	0.5	0.5	1.7	1.4	164.2	149.2
BB	5.0	5.0	0.0	-	5.9	6.4	1.3	0.6	0.1	0.1	0.0	0.1	0.0	0.0	12.2	12.2
B	5.1	3.3	-	-	2.3	1.3	0.2	0.2	0.1	0.1	0.0	0.0	-	-	7.7	4.9
CCC	0.0	-	-	-	0.2	0.2	0.0	0.0	0.1	0.1	0.0	0.0	-	-	0.4	0.3
CC	0.4	-	-	-	0.0	0.0	0.0	-	0.1	0.1	-	-	-	-	0.4	0.1
C	-	-	-	-	-	0.0	0.0	-	0.0	0.0	-	-	-	-	0.0	0.0
D	-	-	-	-	0.0	0.0	0.0	-	0.0	0.0	0.0	-	-	-	0.1	0.0
Not rated	2.0	1.8	0.2	0.0	11.6	10.2	0.5	0.6	0.1	0.1	0.2	0.4	6.6	5.1	21.2	18.3
Total	**238.1**	**211.6**	**71.3**	**76.1**	**228.9**	**200.4**	**35.8**	**32.2**	**28.5**	**24.1**	**2.5**	**3.1**	**8.6**	**6.8**	**613.9**	**554.3**

1_In accordance with practice adhered to in our Group Management Report, figures stated include investments of Banking and Asset Management. Table excludes private loans. Stated market values include investments not in scope of the Solvency II framework.

CREDIT RISK – CREDIT INSURANCE

As of 31 December 2019, 11.0 % (2018: 11.5 %) of our total Group pre-diversified internal credit risk was allocated to Euler Hermes credit insurance exposures.

CREDIT RISK – REINSURANCE

As of 31 December 2019, 1.1 % (2018: 1.3 %) of our total Group pre-diversified internal credit risk was allocated to reinsurance exposures.

Of the Allianz Group's reinsurance recoverables, 82.4 % (2018: 76.9 %) were distributed among reinsurers that had been assigned an investment-grade rating; the remaining 17.5 % (2018: 23.1 %) were non-rated reinsurance recoverables. For substantial exposures to non-rated captives, risk-mitigating techniques such as collateral agreements or funds-withheld concepts are in place.

Reinsurance recoverables by rating class[1]
€ bn

As of 31 December	2019	2018
AAA	-	0.02
AA+ to AA-	6.12	5.42
A+ to A-	2.32	1.72
BBB+ to BBB-	8.36	6.31
Non-investment grade	0.03	0.01
Not assigned	3.57	4.05
Total	**20.39**	**17.52**

1_Represents gross exposure for external reinsurance, broken down by reinsurer. Overall exposure increases mainly due to changed methodology for determining reinsurance exposure subject to credit risk.

1_Additionally, 7.4 % (2018: 7.9 %) of our total Group pre-diversified internal credit risk is allocated to receivables, potential future exposure for derivatives and reinsurance, and other off-balance sheet exposures.

UNDERWRITING RISK

The following table presents the pre-diversified risk calculated for underwriting risks associated with our insurance business.

Allianz Group: Risk profile – allocated underwriting risk by business segment and source of risk (total portfolio before non-controlling interests)[1]
pre-diversified, € mn

	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total	
As of 31 December	2019	2018[2]	2019	2018[2]	2019	2018[2]	2019	2018[2]	2019	2018[2]	2019	2018[2]
Property-Casualty	926	692	29	36	4,946	4,765	5,515	5,004	112	95	11,529	10,592
Life/Health	-	-	-	-	-	-	-	-	439	367	439	367
Corporate and Other	-	-	-	-	-	-	-	-	127	112	127	112
Total Group	**926**	**692**	**29**	**36**	**4,946**	**4,765**	**5,515**	**5,004**	**678**	**574**	**12,095**	**11,070**
								Share of total Group pre-diversified risk			21.26 %	22.43 %

1_As risks are measured in an integrated approach and on an economic basis, internal risk profile takes reinsurance effects into account.
2_2018 risk profile figures adjusted based on the impact of the 2019 model changes.

During 2019, the total Group pre-diversified underwriting risk capital increased by € 1.0 bn.

PROPERTY-CASUALTY

The increase in Property-Casualty underwriting risk was mainly driven by exposure growth (including purchase of Liverpool Victoria General Insurance Group Limited and Legal & General Insurance Limited).

Overall, the underwriting risk profile for the Allianz Group is not expected to change much, as we do not plan to significantly change our underwriting standards (Allianz Standard for P&C Underwriting) or our risk appetite with regards to natural catastrophe, man-made, or terror risks and our corresponding retrocession reinsurance strategy.

The loss ratios for the Property-Casualty business segment are presented in the following table:

Property-Casualty loss ratios[1] for the past ten years
%

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Loss ratio	68.0	66.0	66.5	65.6	66.2	66.0	65.9	68.3	69.9	69.1
Loss ratio excluding natural catastrophes	66.5	64.0	64.2	64.2	64.6	65.1	63.0	66.6	65.5	65.9

1_Represents claims and insurance benefits incurred (net), divided by premiums earned (net).

The top three perils contributing to the natural catastrophe risk as of 31 December 2019 were: windstorms in Europe, floods in Germany, and earthquakes in Australia.

LIFE/HEALTH

The risk capital contribution of biometric risk increased by € 0.1 bn compared to the previous year. This is mainly due to the impact of lower interest rates on the longevity risk for most major Life/Health portfolios. Contributions from the Property-Casualty and the Corporate and Other business segments are generated by the longevity risk of the internal pension schemes they contain.

Due to effective product design and the diversity of our products, there were no significant concentrations of underwriting risks within our Life/Health business segment.

BUSINESS RISK

The risk capital contribution of business risk decreased by € 0.3 bn compared to the previous year. This is driven by the impact of lower interest rates on the lapse and lapse mass risk for most major Life/Health insurance portfolios.

OPERATIONAL RISK

The decrease in risk capital for operational risks was driven by the regular annual update of local and central parameters. The decrease is largely due to improved precision of the assessment processes, which led to a reduction in the level of prudence in several operational risk categories, especially for the category "Monitoring and Reporting". Foreign currency exchange effects played a minor role.

LIQUIDITY RISK

Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity, and funding – including changes in cash and cash equivalents – is provided in Liquidity and Funding Resources from page 71 onwards and in notes 12, 18 and 33 to the Consolidated Financial Statements. As can be inferred from the section on the management of liquidity risks, while these are quantified and monitored through regular stress test reporting as well as properly managed, they are not quantified for risk capital purposes.

INTEGRATED RISK AND CONTROL SYSTEM FOR FINANCIAL REPORTING

The following information is provided pursuant to § 289 (4) and § 315 (4) of the German Commercial Code ("Handelsgesetzbuch – HGB").

In line with both our prudent approach to risk governance and compliance with regulatory requirements, we have created a framework and processes to identify and mitigate the risk of material errors in our Consolidated Financial Statements (this also includes our market value balance sheet and risk capital calculation risks). The Integrated Risk and Control System (IRCS) is regularly reviewed and updated. It covers three buckets of risks: financial reporting risks, compliance risks, and other operational risks (incl. IT risks). The IT controls are based on COBIT 5 and include, for example, controls for access right management, project and change management. In addition, our Entitiy-Level Control Assessments (ELCA) framework contains controls to monitor the effectiveness of our system of governance.

ACCOUNTING AND CONSOLIDATION PROCESSES

The accounting and consolidation processes we use to produce our Consolidated Financial Statements are based on a central consolidation and reporting IT solution and local general ledger solutions. The latter are largely harmonized throughout the Group, using standardized processes, master data, posting logics, and interfaces for data delivery to the Holding. Access rights to accounting systems are managed according to strict authorization procedures.

Accounting rules for the classification, valuation, and disclosure of all items in the balance sheet, the income statement, and notes related to the annual and interim financial statements are defined primarily in our Group accounting manual. Internal controls are embedded in the accounting and consolidation processes to safeguard the accuracy, completeness, and consistency of the information provided in our financial statements.

INTERNAL RISK AND CONTROL SYSTEM APPROACH

Our approach can be summarized as follows:

- We use a centrally developed risk catalog which is linked to individual accounts. This risk catalog is reviewed on a yearly basis and is the starting point for the definition of the Group's as well as the operating entities' scope on financial reporting risks. The methodology is described in our IRCS Guideline. In the course of the scoping process, both materiality and susceptibility to a misstatement are considered simultaneously. In addition to the quantitative calculation, we also consider qualitative criteria, such as the expected increase in business volume or the complexity of transactions.
- Based on the centrally provided risk catalog, our local entities identify risks that could lead to material financial misstatements.
- Preventive and detective key controls addressing financial reporting risks have been put in place to reduce the likelihood and impact of financial misstatements. When a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes on information technology systems, we have also implemented IT controls.
- Last but not least, we focus on ensuring that controls are appropriately designed and effectively executed to mitigate risks. We have set consistent documentation requirements across the Allianz Group for elements such as key controls, execution and related control design and effectiveness testing. We conduct an annual assessment of our internal control system to maintain and continuously enhance its effectiveness. Group Audit and local internal audit functions ensure that the overall quality of our control system is subjected to regular control testing, in order to assure reasonable design and operating effectiveness. Internal Audit does so through a comprehensive risk-based approach that assesses the key controls of the company's internal procedures and processes, including local and group-internal controls over financial reporting risks, from an integrated perspective.

GOVERNANCE

The Group center functions, the Group Disclosure Committee, and our operating entities support the Allianz SE Board of Management to ensure the completeness, accuracy, and reliability of our Consolidated Financial Statements.

The Group Disclosure Committee ensures that these board members are made aware of all material information that could affect our disclosures, and assesses the completeness and accuracy of the information provided in the quarterly statements, half-yearly, and annual financial reports as well as in the Solvency II qualitative reports[1]. In 2019, the Group Disclosure Committee met on a quarterly basis before the quarterly statements and financial reports were issued. An additional meeting was held prior to issuance of the Solvency II qualitative reports.

Subsidiaries within the scope of our control system are individually responsible for adhering to the Group's internal governance and control policy and for creating local Disclosure Committees that are similar to the Group-level committee. The entities' CEOs and CFOs provide periodic sign-offs to the management of Allianz SE, certifying the effectiveness of their local systems of internal control as well as the completeness, accuracy, and reliability of financial data reported to the Holding.

1_Solvency Financial Condition Report and Regular Supervisory Report.

CONSOLIDATED FINANCIAL STATEMENTS

D

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet

€ mn

As of 31 December	Note	2019	2018
ASSETS			
Cash and cash equivalents		21,075	17,234
Financial assets carried at fair value through income	5	13,187	7,611
Investments	6	625,746	550,923
Loans and advances to banks and customers	7	112,672	108,270
Financial assets for unit-linked contracts		132,168	115,361
Reinsurance assets	8	17,545	16,400
Deferred acquisition costs	9	24,777	27,709
Deferred tax assets	32	1,133	959
Other assets	10	44,532	39,209
Non-current assets and assets of disposal groups classified as held for sale	3	3,555	125
Intangible assets	11	14,796	13,767
Total assets		**1,011,185**	**897,567**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income[1]		18,049	11,626
Liabilities to banks and customers	12	13,445	14,222
Unearned premiums	13	25,468	22,891
Reserves for loss and loss adjustment expenses	14	77,541	73,054
Reserves for insurance and investment contracts	15	588,023	529,687
Financial liabilities for unit-linked contracts	16	132,168	115,361
Deferred tax liabilities	32	6,538	4,080
Other liabilities	17	47,904	40,232
Liabilities of disposal groups classified as held for sale	3	2,236	62
Certificated liabilities	18	9,209	9,199
Subordinated liabilities	18	13,238	13,475
Total liabilities		933,820	833,888
Shareholders' equity		74,002	61,232
Non-controlling interests		3,363	2,447
Total equity	19	77,364	63,679
Total liabilities and equity		**1,011,185**	**897,567**

1_Include mainly derivative financial instruments.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement
€ mn

	Note	2019	2018
Gross premiums written		82,919	77,824
Ceded premiums written		(5,547)	(5,141)
Change in unearned premiums (net)		(1,458)	(1,211)
Premiums earned (net)	20	75,914	71,472
Interest and similar income	21	22,433	21,616
Income from financial assets and liabilities carried at fair value through income (net)	22	(1,609)	(3,301)
Realized gains/losses (net)	23	7,276	6,096
Fee and commission income	24	12,296	11,534
Other income		158	24
Total income		116,469	107,442
Claims and insurance benefits incurred (gross)		(59,532)	(54,459)
Claims and insurance benefits incurred (ceded)		3,681	2,302
Claims and insurance benefits incurred (net)	25	(55,851)	(52,157)
Change in reserves for insurance and investment contracts (net)	26	(13,726)	(9,684)
Interest expenses	27	(1,110)	(1,035)
Loan loss provisions		(2)	(2)
Impairments of investments (net)	28	(1,824)	(3,152)
Investment expenses	29	(1,494)	(1,333)
Acquisition and administrative expenses (net)	30	(26,247)	(24,600)
Fee and commission expenses	31	(4,509)	(4,302)
Amortization of intangible assets		(196)	(375)
Restructuring and integration expenses		(426)	(398)
Other expenses		(6)	(6)
Total expenses		(105,391)	(97,043)
Income before income taxes		**11,077**	**10,399**
Income taxes	32	(2,776)	(2,696)
Net income		**8,302**	**7,703**
Net income attributable to:			
Non-controlling interests		387	241
Shareholders		7,914	7,462
Basic earnings per share (€)	41	18.90	17.43
Diluted earnings per share (€)	41	18.83	17.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income
€ mn

	2019	2018
Net income	**8,302**	**7,703**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	-	-
Changes arising during the year	438	167
Subtotal	438	167
Available-for-sale investments		
Reclassifications to net income	(867)	(377)
Changes arising during the year	11,618	(4,950)
Subtotal	10,750	(5,327)
Cash flow hedges		
Reclassifications to net income	(15)	(14)
Changes arising during the year	171	8
Subtotal	156	(6)
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	95	-
Changes arising during the year	42	(79)
Subtotal	137	(79)
Miscellaneous		
Changes arising during the year	263	(124)
Subtotal	263	(124)
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(1,064)	326
Total other comprehensive income	10,681	(5,043)
Total comprehensive income	**18,983**	**2,661**
Total comprehensive income attributable to:		
Non-controlling interests	1,017	153
Shareholders	17,966	2,507

For further information on the income taxes associated with different components of other comprehensive income, please see note 32.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity

€ mn

	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2018	**28,928**	**27,199**	**(2,749)**	**12,175**	**65,553**	**3,049**	**68,602**
Total comprehensive income[1]	-	7,592	162	(5,247)	2,507	153	2,661
Paid-in capital	-	-	-	-	-	-	-
Treasury shares	-	32	-	-	32	-	32
Transactions between equity holders	-	(3,428)	(21)	17	(3,432)	(510)	(3,942)
Dividends paid[2]	-	(3,428)	-	-	(3,428)	(245)	(3,673)
Balance as of 31 December 2018	**28,928**	**27,967**	**(2,607)**	**6,945**	**61,232**	**2,447**	**63,679**
Total comprehensive income[1]	-	6,813	409	10,743	17,966	1,017	18,983
Paid-in capital	-	-	-	-	-	-	-
Treasury shares	-	29	-	-	29	-	29
Transactions between equity holders[3]	-	(1,464)	3	4	(1,457)	193	(1,264)
Dividends paid[2]	-	(3,767)	-	-	(3,767)	(295)	(4,062)
Balance as of 31 December 2019	**28,928**	**29,577**	**(2,195)**	**17,691**	**74,002**	**3,363**	**77,364**

1_Total comprehensive income in shareholders' equity for the year ended 31 December 2019 comprises net income attributable to shareholders of € 7,914 mn (2018: € 7,462 mn).
2_In the second quarter of 2019, a dividend of € 9.00 (2018: € 8.00) per qualifying share was paid to the shareholders.
3_For further information regarding the share buy-back program 2019, please refer to note 19.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows

€ mn

	2019	2018
SUMMARY		
Net cash flow provided by operating activities	36,448	25,672
Net cash flow used in investing activities	(27,703)	(19,310)
Net cash flow used in financing activities	(4,850)	(6,821)
Effect of exchange rate changes on cash and cash equivalents	90	41
Change in cash and cash equivalents	3,986	(416)
Cash and cash equivalents at beginning of period	17,234	17,119
Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2018	-	531
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2019	(145)	-
Cash and cash equivalents at end of period	**21,075**	**17,234**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**8,302**	**7,703**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(422)	(228)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(5,593)	(2,945)
Other investments, mainly financial assets held for trading and designated at fair value through income	2,074	5,256
Depreciation and amortization	2,068	1,586
Loan loss provisions	2	2
Interest credited to policyholder accounts	5,774	3,811
Net change in:		
Financial assets and liabilities held for trading	(674)	(3,368)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(595)	(605)
Repurchase agreements and collateral received from securities lending transactions	322	232
Reinsurance assets	(253)	243
Deferred acquisition costs	(1,560)	(1,272)
Unearned premiums	1,456	1,651
Reserves for loss and loss adjustment expenses	2,475	(206)
Reserves for insurance and investment contracts	22,414	14,753
Deferred tax assets/liabilities	208	748
Other (net)	450	(1,689)
Subtotal	28,146	17,969
Net cash flow provided by operating activities	**36,448**	**25,672**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	3,157	2,956
Available-for-sale investments	155,556	154,368
Held-to-maturity investments	404	225
Investments in associates and joint ventures	871	731
Non-current assets and disposal groups classified as held for sale	4	357
Real estate held for investment	503	440
Fixed assets from alternative investments	-	1
Loans and advances to banks and customers (purchased loans)	5,459	5,867
Property and equipment	283	144
Subtotal	166,237	165,089

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

Consolidated statement of cash flows

€ mn

	2019	2018
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(4,150)	(3,070)
Available-for-sale investments	(175,594)	(165,621)
Held-to-maturity investments	(168)	(320)
Investments in associates and joint ventures	(2,141)	(3,130)
Non-current assets and disposal groups classified as held for sale	-	-
Real estate held for investment	(2,328)	(1,374)
Fixed assets from alternative investments	(75)	(155)
Loans and advances to banks and customers (purchased loans)	(2,996)	(1,388)
Property and equipment	(1,238)	(1,258)
Subtotal	(188,691)	(176,315)
Business combinations (note 3):		
Proceeds from sale of subsidiaries, net of cash disposed	-	(208)
Acquisitions of subsidiaries, net of cash acquired	348	-
Change in other loans and advances to banks and customers (originated loans)	**(5,483)**	**(7,094)**
Other (net)	**(115)**	**(781)**
Net cash flow used in investing activities	**(27,703)**	**(19,310)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	1,353	1,147
Proceeds from the issuance of certificated liabilities and subordinated liabilities	5,506	4,527
Repayments of certificated liabilities and subordinated liabilities	(5,924)	(4,961)
Net change in lease liabilities	(354)	-
Transactions between equity holders	(1,312)	(3,941)
Dividends paid to shareholders	(4,062)	(3,673)
Net cash from sale or purchase of treasury shares	5	16
Other (net)	(60)	65
Net cash flow used in financing activities	**(4,850)**	**(6,821)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS		
Income taxes paid (from operating activities)	(2,469)	(2,169)
Dividends received (from operating activities)	2,408	2,564
Interest received (from operating activities)	18,340	17,690
Interest paid (from operating activities)	(1,129)	(1,060)

Cash and cash equivalents

€ mn

As of 31 December	2019	2018
Balances with banks payable on demand	8,245	7,660
Balances with central banks	3,215	2,990
Cash on hand	64	57
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	6,952	6,526
Reverse repurchase agreements (due in three months or less)	2,598	-
Total	**21,075**	**17,234**

Changes in liabilities arising from financing activities

€ mn

	Liabilities to banks and customers	Certificated and subordinated liabilities	Lease liabilities	Total
As of 1 January 2018	**8,925**	**22,891**	**-**	**31,817**
Net cash flows	1,147	(434)	-	712
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(1)	-	-	(1)
Foreign currency translation adjustments	(23)	12	-	(11)
Fair value and other changes	1	205	-	206
As of 31 December 2018	**10,049**	**22,674**	**-**	**32,723**
Net cash flows	1,353	(419)	(354)	580
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(3)	-	22	19
Foreign currency translation adjustments	33	10	3	46
Fair value and other changes	(2,538)	183	3,120	764
As of 31 December 2019	**8,894**	**22,448**	**2,791**	**34,132**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

1 _ Nature of operations and basis of presentation

The accompanying consolidated financial statements present the operations of Allianz SE with its registered office in Königinstrasse 28, 80802 Munich, Germany, and its subsidiaries (the Allianz Group). Allianz SE is recorded in the Commercial Register of the municipal court in Munich under the number HRB 164232.

They have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with §315e (1) of the German Commercial Code (HGB). Within these consolidated financial statements, the Allianz Group has applied all standards and interpretations issued by the IASB and endorsed by the E.U. that are compulsory as of 31 December 2019.

In accordance with the provisions of IFRS 4, insurance contracts are recognized and measured on the basis of accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005.

The consolidated financial statements have been prepared as of and for the year ended 31 December 2019. The Allianz Group's presentation currency is the Euro (€). Amounts are rounded to the nearest million (€ mn) unless otherwise stated.

The consolidated financial statements were authorized for issue by the Board of Management on 20 February 2020.

The Allianz Group offers property-casualty insurance, life/health insurance, and asset management products and services in over 70 countries.

2 _ Accounting policies, significant estimates, and new accounting pronouncements

SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND ASSUMPTIONS

The following paragraphs describe important accounting policies as well as significant estimates and assumptions that are relevant for the Allianz Group's consolidated financial statements. Estimates and assumptions particularly influence the inclusion method as well as the accounting treatment of financial instruments and insurance contracts, goodwill, pension liabilities and similar obligations, and deferred taxes. Significant estimates and assumptions are explained in the respective paragraphs.

The Allianz Group's consolidated balance sheet is not presented using a current/non-current classification. The following balances are generally considered to be current: cash and cash equivalents, deferred acquisition costs on property & casualty contracts, non-current assets and assets of disposal groups classified as held for sale, and liabilities of disposal groups classified as held for sale.

The following balances are generally considered to be non-current: investments, deferred tax assets, intangible assets, and deferred tax liabilities.

All other balances are mixed in nature (including both current and non-current portions).

PRINCIPLES OF CONSOLIDATION

Scope of consolidation and consolidation procedures

In accordance with IFRS 10, the Allianz Group's consolidated financial statements include the financial statements of Allianz SE and its subsidiaries. The Allianz Group controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are usually entities where Allianz SE, directly or indirectly, owns more than half of the voting rights or similar rights with the ability to affect the returns of these entities for its own benefit. In order to determine whether entities qualify as subsidiaries, potential voting rights that are currently exercisable or convertible are taken into consideration.

For some subsidiaries where the Allianz Group does not hold a majority stake, management has assessed that the Allianz Group controls these entities. The Allianz Group controls these entities based on distinctive rights stipulated by shareholder agreements between the Allianz Group and the other shareholders in these companies or voting rights held by the Allianz Group are sufficient to direct the relevant activities unilaterally.

There are some entities where the Allianz Group holds a majority stake but where management has assessed that the Allianz Group does not control these entities because it has no majority representation in the governing bodies and/or it requires at least the confirmative vote of another investor to pass any decisions over relevant activities.

For certain entities, voting or similar rights are not the dominant factor of control, such as when voting rights relate to administrative tasks only and returns are directed by means of contractual arrangements, as is the case mainly for investment funds managed by Allianz Group internal asset managers. In such cases, the investment fund qualifies as subsidiary if the Allianz Group is in a principal instead of an agent role with regard to the investment fund. Above all, this qualification takes into account kick-out rights held by third-party investors as well as the aggregate economic interest of the Allianz Group in the investment funds.

Subsidiaries are consolidated as from the date on which control is obtained by the Allianz Group, up to the date on which the Allianz Group no longer maintains control. Accounting policies of subsidiaries are adjusted as necessary to ensure consistency with the accounting policies adopted by the Allianz Group. The effects of intra-Allianz Group transactions are eliminated.

Business combinations and measurement of non-controlling interests

Where newly acquired subsidiaries are subject to business combination accounting, the provisions of IFRS 3 are applied. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation can be measured either at their fair value at the acquisition date or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This option is exercised on a case-by-case basis.

Associates and joint arrangements

Associates are entities over which the Allianz Group can exercise significant influence. In general, if the Allianz Group holds 20 % or more of the voting power in an investee but does not control the investee, it is assumed to have significant influence. Investments in associates are generally accounted for using the equity method.

Although the Allianz Group's share in some entities is below 20%, management has assessed that the Allianz Group has significant influence over these entities because it is sufficiently represented in the governing bodies that decide on the relevant activities of these entities.

For certain investment funds in which the Allianz Group holds a stake of above 20%, management has assessed that the Allianz Group has no significant influence because it is not represented in the governing bodies of these investment funds or their investment activities are largely predetermined.

Pursuant to IFRS 11, investments in joint arrangements have to be classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Allianz Group has assessed the nature of all its joint arrangements and determined them to be joint ventures in most cases. Those are generally accounted for using the equity method.

The Allianz Group accounts for investments in associates and joint arrangements with a time lag of no more than three months. Income from investments in associates and joint arrangements – excluding distributions – is included in interest and similar income. Accounting policies of associates and joint arrangements are generally adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group.

For further information, please refer to note 44.

FOREIGN CURRENCY TRANSLATION

Translation from any foreign currency to the functional currency

The individual financial statements of each of the Allianz Group's subsidiaries are prepared in their respective functional currency. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Transactions recorded in currencies other than the functional currency (foreign currencies) are recorded at the exchange rate prevailing on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rate. While non-monetary items denominated in foreign currencies and measured at historical cost are translated at historical rates, non-monetary items measured at fair value are translated using the closing rate. Foreign currency gains and losses arising from foreign currency transactions are reported in income from financial assets and liabilities carried at fair value through income (net), except when the gain or loss on a non-monetary item measured at fair value is recognized in other comprehensive income. In this case, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

Translation from the functional currency to the presentation currency

For the consolidated financial statements, the results and financial position of each of the Allianz Group's subsidiaries are expressed in Euro, the presentation currency of the Allianz Group. Assets and liabilities of subsidiaries not reporting in Euro are translated at the closing rate on the balance sheet date; income and expenses are translated at the quarterly average exchange rate. Any foreign currency translation differences, including those arising from the equity method, are recorded in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets are generally recognized and derecognized on the trade date, i.e. when the Allianz Group commits to purchase or sell securities.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Allianz Group transfers the asset and substantially all of the risks and rewards of ownership. A financial liability is derecognized when it is extinguished.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and when there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Securities lending and repurchase agreements

The Allianz Group enters into securities lending transactions and repurchase agreements. Cash received in the course of those transactions is recognized together with a corresponding liability. Securities received as collateral under lending transactions are not recognized, and securities sold under repurchase agreements are not derecognized, if risks and rewards have not been transferred. Securities borrowing transactions generally require the Allianz Group to deposit cash with the securities lender. Fees paid are reported as interest expenses.

Measurement at fair value

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of all financial instruments. The fair value of an asset or liability is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

Level 1 inputs of financial instruments traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the reporting date, if the latter is a trading day.

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters. Such market inputs are observable substantially over the full term of the asset or liability and include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets, and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities, and foreign currency exchange rates.

Level 3 applies if not all input parameters are observable in the market. Accordingly, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cashflow method, comparison to similar instruments for which observable market prices exist and other valuation models. Appropriate adjustments are made, for example, for credit risks.

For fair value measurements categorized as level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used valuation techniques listed in IFRS 13:

- Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach: Amount that would currently be required to replace the service capacity of an asset (replacement cost).
- Income approach: Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

Estimates and assumptions of fair values and hierarchies are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified as level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the level of non-market observable inputs. The Allianz Group uses a maximum of observable inputs and a minimum of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity, and general market conditions. If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values.

For further information, please refer to note 34.

Impairments

The evaluation of whether a financial debt instrument is impaired requires analysis of the underlying credit risk/quality of the relevant issuer and involves significant management judgment. In particular, current publicly available information with regard to the issuer and the particular security is considered relating to factors including, but not limited to, evidence of significant financial difficulty of the issuer and breach of contractual obligations of the security, such as a default or delinquency on interest or principal payments. The Allianz Group also considers other factors that could provide objective evidence of a loss event, including the probability of bankruptcy and the lack of an active market due to financial difficulty. The presence of either a decline in fair value below amortized cost or the downgrade of an issuer's credit rating does not in itself represent objective evidence of a loss event, but may represent objective evidence of a loss event when considered with other available information.

Once impairment is triggered for an available-for-sale debt instrument, the cumulative loss recognized in other comprehensive income is reclassified to profit or loss. The cumulative loss corresponds to the difference between amortized cost and the current fair value of the investment. Further declines in fair value are recognized in other comprehensive income unless there is further objective evidence that such declines are due to a credit-related loss event. If in subsequent periods the impairment loss is reversed, the reversal is measured as the lesser of the full original impairment loss previously recognized in the income statement and the subsequent increase in fair value.

For held-to-maturity investments and loans, the impairment loss is measured as the difference between the amortized cost and the expected future cash flows using the original effective interest rate.

An available-for-sale equity security is considered to be impaired if there is objective evidence that the cost may not be recovered. The Allianz Group's policy considers a decline to be significant if the fair value is below the weighted average cost by more than 20%. A decline is considered to be prolonged if the fair value is below the weighted average cost for a period of more than nine consecutive months. If an available-for-sale equity security is impaired, any further declines in the fair value at subsequent reporting dates are recognized as impairments.

Reversals of impairments of available-for-sale equity securities are not recorded in the income statement but in other comprehensive income and recycled upon derecognition.

Hedge accounting

For derivative financial instruments used in hedge transactions that meet the criteria for hedge accounting, the Allianz Group designates the derivative as a hedging instrument in a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. The Allianz Group documents the hedge relationship, as well as its risk management objective and strategy for entering into the hedge transaction. The Allianz Group assesses, both at the hedge's inception and on an ongoing basis, whether the hedging instruments used are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Derivative financial instruments designated in hedge accounting relationships are included in the line items Other assets and Other liabilities. Freestanding derivatives are included in the line item Financial assets or liabilities held for trading.

For further information on derivatives, please refer to note 33.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, cash on hand, treasury bills to the extent they are not included in financial assets held for trading, and checks and bills of exchange that are eligible for refinancing at central banks, subject to a maximum term of three months from the date of acquisition.

FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets and liabilities carried at fair value through income include financial assets and liabilities held for trading as well as financial assets and liabilities designated at fair value through income. While the former category includes trading instruments and financial derivatives, the latter category is mainly designated at fair value to avoid accounting mismatches.

INVESTMENTS

Available-for-sale investments

Available-for-sale investments comprise debt and equity instruments that are designated as available for sale or do not fall into the other measurement categories. These investments are measured at fair value through other comprehensive income. When an investment is derecognized or determined to be impaired, the cumulative gain or loss previously recorded in other comprehensive income is transferred and recognized in the consolidated income statement. Realized gains and losses on those instruments are generally determined by applying the average cost method at the subsidiary level.

Held-to-maturity investments

Held-to-maturity investments are debt securities with fixed or determinable payments and fixed maturities for which the Allianz Group has the positive intent and ability to hold to maturity. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Funds held by others under reinsurance contracts assumed

Funds held by others under reinsurance contracts assumed relate to cash deposits to which the Allianz Group is entitled, but which the ceding insurer retains as collateral for future obligations of the Allianz Group. The cash deposits are recorded at the amount due on repayment, less any impairment for balances that are deemed not to be recoverable.

Investments in associates and joint ventures

For details on the accounting for investments in associates and joint ventures please see the section principles of consolidation.

Real estate held for investment

Real estate held for investment is carried at cost less accumulated depreciation and impairments. Real estate held for investment is depreciated on a straight-line basis over its useful life, with a maximum of 50 years, and regularly tested for impairment.

Fixed assets from alternative investments

These assets are carried at cost less accumulated depreciation and impairments. They are depreciated on a straight-line basis over the useful life, with a maximum of 30 years, and regularly tested for impairment.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets held for trading, designated at fair value through income, or designated as available for sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

FINANCIAL ASSETS AND LIABILITIES FOR UNIT-LINKED CONTRACTS

Financial assets for unit-linked contracts are recorded at fair value, with changes in fair value recognized in the income statement together with the offsetting changes in fair value of the corresponding financial liabilities for unit-linked contracts. They are included in the line item income from financial assets and liabilities carried at fair value through income (net).

REINSURANCE ASSETS

Assets and liabilities related to reinsurance are reported on a gross basis. Reinsurance assets include balances expected to be recovered from reinsurance companies. The amount of reserves ceded to reinsurers is estimated in a manner consistent with the claim liability associated with the reinsured risks. To the extent that the assuming reinsurers are unable to meet their obligations, the respective ceding insurers of the Allianz Group remain liable to their policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectible.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC)

Costs that vary with and are directly related to the acquisition and renewal of insurance contracts and investment contracts with discretionary participation features are deferred by recognizing a DAC asset. At inception, DAC is tested to ensure that it is recoverable over the life of the contracts. Subsequently, loss recognition tests at the end of each reporting period ensure that the DAC is covered by future profits.

For short-duration, traditional long-duration, and limited-payment insurance contracts, DAC is amortized in proportion to premium revenue recognized. For universal life-type and participating life insurance contracts as well as investment contracts with discretionary participation features, DAC is generally amortized over the life of a book of contracts based on estimated gross profits (EGP) or estimated gross margins (EGM), respectively.

Acquisition costs for unit-linked investment contracts are deferred in accordance with IFRS 15, if the costs are incremental. For non-unit-linked investment contracts accounted for under IAS 39 at amortized cost, acquisition costs that meet the definition of transaction costs under IAS 39 are considered in the aggregate policy reserves.

Present value of future profits (PVFP)

The value of an insurance business or an insurance portfolio acquired is measured by the PVFP, which is the present value of net cash flows anticipated in the future from insurance contracts in force at the date of acquisition. It is amortized over the life of the relevant contracts.

Deferred sales inducements

Sales inducements on non-traditional insurance contracts are deferred and amortized using the same methodology and assumptions as for deferred acquisition costs.

Shadow accounting

For insurance contracts and investment contracts with discretionary participation features, shadow accounting is applied to DAC, PVFP, and deferred sales inducements, in order to include the effect of unrealized gains or losses in the measurement of these assets in the same way as it is done for realized gains or losses. Accordingly, the assets are adjusted with corresponding charges or credits recognized directly in other comprehensive income as a component of the related unrealized gain or loss. When the gains or losses are realized, they are recognized in the income statement through recycling and prior adjustments due to shadow accounting are reversed.

OTHER ASSETS

Other assets primarily consist of receivables, accrued dividends, interest, rent and deferred compensation amounts as well as leased or own used real estate, software and equipment. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The right-of-use assets related to leased property and equipment are depreciated generally over the lease term.

The table below summarizes estimated useful lives for real estate held for own use, software, and equipment.

Estimated useful lives (in years)

	Years
Real estate held for own use	max. 50
Software	2 - 13
Equipment	2 - 10

INTANGIBLE ASSETS AND GOODWILL

Intangible assets with finite useful lives are measured at cost less accumulated amortization and impairments. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is a triggering event. They are also reviewed annually to determine whether the indefinite-life classification is still appropriate.

The table below summarizes estimated useful lives and the amortization methods for each class of intangible assets with finite useful lives:

Estimated useful lives (in years) and amortization methods

	Useful lives	Amortization method
Long-term distribution agreements	10 – 25	straight-line considering contractual terms
Acquired business portfolios	6 – 42	in proportion to the consumption of future economic benefit
Customer relationships	6 – 13	straight-line or in relation to customer churn rates

For business combinations, goodwill is recognized in the amount of the consideration transferred plus the amount of any non-controlling interest in the acquiree held by the direct parent in excess of the fair values assigned to the identifiable assets acquired and liabilities assumed. Goodwill is accounted for at the acquiree in the acquiree's functional currency. There is an at least annual evaluation whether it is deemed recoverable.

The recoverable amounts of all cash generating units (CGUs) to test goodwill and other indefinite life intangible assets for impairment are typically determined on the basis of value in use calculations. The determination of a CGU's recoverable amount requires significant judgment regarding the selection of appropriate valuation techniques and assumptions.

Further explanations on the impairment test for goodwill and its significant assumptions as well as respective sensitivity analyses are given in note 11.

INSURANCE, INVESTMENT AND REINSURANCE CONTRACTS

Insurance and investment contracts

Insurance contracts and investment contracts with discretionary participation features are accounted for under the insurance accounting provisions of US GAAP, as have been applied at first-time adoption of IFRS 4 on 1 January 2005, wherever IFRS 4 does not provide specific guidance. Investment contracts without discretionary participation features are accounted for as financial instruments in accordance with IAS 39.

Reinsurance contracts

The Allianz Group's consolidated financial statements reflect the effects of ceded and assumed reinsurance contracts. Assumed reinsurance premiums, commissions, and claim settlements, as well as the reinsurance element of technical provisions, are accounted for in accordance with the conditions of the reinsurance contracts, and in consideration of the original contracts for which the reinsurance was concluded. When the reinsurance contracts do not transfer significant insurance risk, deposit accounting is applied as required under the related reinsurance accounting provisions of US GAAP or under IAS 39.

Liability adequacy tests

Liability adequacy tests are performed for each insurance portfolio, based on estimates of future claims, costs, premiums earned, and proportionate expected investment income. For short-duration contracts, a premium deficiency is recognized if the sum of expected claim costs and claim adjustment expenses, expected dividends to policyholders, DAC, and maintenance expenses exceeds related unearned premiums while considering anticipated investment income.

For long-duration contracts, a premium deficiency is recognized, if actual experience regarding investment yields, mortality, morbidity, terminations, or expense indicates that existing contract liabilities, along with the present value of future gross premiums, will not be sufficient to cover the present value of future benefits and to recover DAC.

UNEARNED PREMIUMS

For short-duration insurance contracts, such as most of the property and casualty contracts, premiums to be earned in future years are recorded as unearned premiums. These premiums are earned in subsequent periods in relation to the insurance coverage provided.

Amounts charged as consideration for origination of certain long-duration insurance contracts (i.e. initiation or front-end fees) are reported as unearned revenues and, as such, included in unearned premiums. These fees are recognized using the same amortization methodology as DAC, including shadow accounting.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves are established for the payment of losses and loss adjustment expenses (LAE) on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for incurred but not reported losses (IBNR).

Case reserves for reported claims are based on estimates of future payments that will be made with respect to these claims, including LAE relating to such claims. These estimates reflect the informed judgment of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim. These case reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.

IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Allianz Group has not yet been notified. IBNR reserves, similar to case reserves for reported claims, are established to recognize the estimated costs, including expenses, necessary to bring claims to final settlement. The Allianz Group relies on its past experience, adjusted for current trends and any other relevant factors, in estimating IBNR reserves.

IBNR reserves are estimates based on actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, estimates of future inflation, and other societal and economic factors. Trends in claim frequency, severity, and time lag in reporting are examples of factors used in projecting the IBNR reserves. IBNR reserves are reviewed and revised periodically, as additional information becomes available and actual claims are reported.

Reserves for loss and loss adjustment expenses are not discounted, except when payment amounts are fixed and timing is reasonably determinable.

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

Reserves for insurance and investment contracts include aggregate policy reserves, reserves for premium refunds, and other insurance reserves.

Aggregate policy reserves

The aggregate policy reserves for participating life insurance contracts are calculated using the net level premium method based on assumptions for mortality, morbidity, and interest rates that are guaranteed in the contract or used in determining the policyholder dividends (or premium refunds).

For traditional long-duration insurance contracts, such as traditional life and health products, aggregate policy reserves are computed using the net level premium method, based on best-estimate assumptions adjusted for a provision for adverse deviation for mortality, morbidity, expected investment yields, surrenders, and expenses at the policy inception date, which remain locked in thereafter unless a premium deficiency occurs.

The aggregate policy reserves for universal life-type insurance contracts are equal to the account balance, which represents premiums received and investment return credited to the policy, less deductions for mortality costs and expense charges. The aggregate policy reserve also includes reserves for investment contracts with discretionary participation features as well as for liabilities for guaranteed minimum mortality and morbidity benefits related to non-traditional contracts with annuitization options and unit-linked insurance contracts. For contracts with a discretionary participation feature, the whole contract is classified as one liability rather than separately recognizing the participation feature.

Insurance contract features not closely related to the underlying insurance contracts are bifurcated from the insurance contracts and accounted for as derivatives in line with IFRS 4 and IAS 39. The embedded derivatives separated from certain life insurance and annuity contracts are recognized as financial liabilities held for trading.

The assumptions used for aggregate policy reserves are determined using current and historical client data, industry data, and, in the case of assumptions for interest rates, reflect expected earnings on assets which back the future policyholder benefits. The information used by Allianz Group's actuaries in setting such assumptions includes, but is not limited to, pricing assumptions, available experience studies, and profitability analyses.

The average interest rate assumptions per operating entity used in the calculation of deferred acquisition costs and aggregate policy reserves are as follows:

Interest rate assumptions
%

	Traditional long-duration insurance contracts	Participating life insurance contracts
Deferred acquisition costs	2.5 – 6.0	2.2 – 5.0
Aggregate policy reserves	2.5 – 6.0	0.8 – 4.3

The Allianz Group has recognized all rights and obligations related to issued insurance contracts according to its accounting policies, and thus has not separately recognized an unbundled deposit component in respect of any of its insurance contracts.

Non-unit-linked investment contracts without discretionary participation features are accounted for under IAS 39. The aggregate policy reserves for those contracts are initially recognized at fair value, or the amount of the deposit by the contract holder, net of the transaction costs, that are directly attributable to the issuance of the contract. Subsequently, those contracts are measured at amortized cost using the effective interest method.

For contracts where the policyholder has the option to transfer the amounts invested in unit-linked funds to non-unit-linked funds, the insurance contract is reported in both aggregate policy reserves and financial liabilities for unit-linked contracts based upon the investment election at the reporting date.

Reserves for premium refunds

Reserves for premium refunds include the amounts allocated under the relevant local statutory/contractual regulations or, at the entity's discretion, to the accounts of the policyholders and the amounts resulting from the differences between these IFRS-based financial statements and the local financial statements (latent reserves for premium refunds), which will reverse and enter into future profit participation calculations. Unrealized gains and losses recognized for available-for-sale investments are recognized in the latent reserves for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized, based on and similar to shadow accounting. The profit participation allocated to participating policyholders or disbursed to them reduces the reserves for premium refunds.

RESERVING PROCESS

For the business segments Life/Health and Property-Casualty, the central oversight process around reserve estimates includes the setting of group-wide standards and guidelines, regular site visits, as well as regular quantitative and qualitative reserve monitoring.

The oversight and monitoring of the Allianz Group's reserves culminate in quarterly meetings of the Allianz Group Reserve Committee, which is the supervising body that governs all significant reserves. It particularly monitors key developments across the Allianz Group affecting the adequacy of reserves.

Life/Health reserves are subject to estimates and assumptions, especially on the life expectancy and health of an insured individual (mortality, longevity, and morbidity risk) and on the development of interest rates and investment returns (asset-liability mismatch risk). These assumptions also have an impact on the presentation of costs arising from the origination of insurance business (acquisition costs and sales inducements) and the value of acquired insurance business (PVFP). To ensure consistency in the application of actuarial methods and assumptions in the Life/Health reserving process, the Allianz Group has designed a two-stage reserving process:

Stage one: Life/Health reserves are calculated by qualified local staff experienced in the subsidiaries' business. Actuaries in the local entities also conduct tests of the adequacy of the premiums and reserves to cover future claims and expenses (liability adequacy tests). The process follows group-wide standards for applying consistent and plausible assumptions. The appropriateness of the reserves and their compliance with group-wide standards is confirmed by the local actuary.

Stage two: The Allianz Group Actuarial function regularly reviews the local reserving processes, including the appropriateness and consistency of the assumptions, and analyzes the movements of the reserves. Any adjustments to the reserves and other insurance-related reporting items are reported to and analyzed together with the Allianz Group Reserve Committee.

Property-Casualty reserves are set by leveraging the use of actuarial techniques and educated judgment. A two-stage process exists for the setting of reserves in the Allianz Group:

Stage one: Property-Casualty reserves are calculated by local reserving actuaries at the Allianz operating entities. The reserves are set based on a thorough analysis of historical data, enhanced by interactions with other business functions (e.g. Underwriting, Claims and Reinsurance). Actuarial judgment is applied where necessary, especially in cases where data is unreliable, scanty, or unavailable. The judgment of Property-Casualty actuaries is based on past experience of the characteristics of each line of business, the current stage of the underwriting cycle, and the external environment in which the subsidiary operates. The reserves are proposed to a local reserve committee, whereat the rationale of the selections are discussed and subsequently documented. A final decision on the reserve selection is made in the reserve committee. Local actuaries are responsible for their compliance with the Group Actuarial Standards and Guidelines.

Stage two: The Allianz Group Actuarial function forms an opinion on the adequacy of the reserves proposed by the local entities. The Allianz Group Actuarial function challenges the operating entities' selection through their continuous interaction with local teams and quarterly attendance in the local reserve committees. The ability to form a view on reserve adequacy is further enabled by regular reviews of the local reserving practices. Such reviews consist of an evaluation of the reserving process as well as of the appropriateness and consistency of the assumptions, and an analysis of the movements of the reserves. Significant findings from these reviews are communicated in the Allianz Group Reserve Committee to initiate actions where necessary.

OTHER LIABILITIES

Pensions and similar obligations

Pensions and similar obligations are measured at present value and presented net of plan assets by applying the provisions of IAS 19. These valuations rely on extensive assumptions. Key assumptions such as discount rates, inflation rates, compensation increases, pension increases, and rates of medical cost trends are defined centrally at the Allianz Group level, considering the circumstances in the individual countries. In order to ensure their thorough and consistent determination, all input parameters are discussed and defined taking into consideration economic developments, peer reviews, and currently available market and industry data.

Further explanations and sensitivity calculations are given in note 39.

Share-based compensation plans

The share-based compensation plans of the Allianz Group are classified as either equity-settled or cash-settled plans. Equity-settled plans are measured at fair value on the grant date (grant-date fair value) and the grant-date fair value is recognized as an expense over the vesting period. Where equity-settled plans involve equity instruments of Allianz SE, a corresponding increase in shareholders' equity is recognized. Where equity-settled plans involve equity instruments of subsidiaries of the Allianz Group, the corresponding increase is recognized in non-controlling interests. Equity-settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. For cash-settled plans, the

Allianz Group accrues the fair value of the award as compensation expenses over the vesting period. Upon vesting, any change in the fair value of any unexercised awards is also recognized as a compensation expense. Where expected tax deductions differ, in terms of amount and timing, from the cumulative share-based payment expense recognized in profit or loss, deferred taxes are recognized on temporary differences.

Financial liabilities for puttable financial instruments

The Allianz Group records financial liabilities where non-controlling shareholders have the right to put their financial instruments back to the Allianz Group (puttable instruments). If these non-controlling shareholders still have present access to the risks and rewards associated with the underlying ownership interests, the non-controlling interests remain recognized and profit and loss is allocated between controlling and non-controlling interests. The financial liabilities for puttable instruments are generally required to be recorded at the redemption amount, with changes recognized in equity where the non-controlling shareholders have present access to risks and rewards of ownership and in the income statement in all other cases. As an exception, for puttable instruments that are to be classified as equity instruments in the separate or individual financial statements of the issuer in accordance with IAS 32.16A-16B and are to be presented as liabilities in the consolidated financial statements of the Allianz Group instead of non-controlling interests, valuation changes of these liabilities are always recognized in the income statement. This is the case for puttable instruments issued by mutual funds controlled but not wholly owned by the Allianz Group.

Lease Liabilities

The Allianz Group as a lessee measures its lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

The Allianz Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Furthermore, the Allianz Group does not recognize right-of-use assets and lease liabilities for car leases. The expenses relating to the short-term leases and leases of low-value assets including car leases are expensed on a straight-line basis over the lease term.

For further information on these expenses, please refer to note 38.

CERTIFICATED LIABILITIES AND SUBORDINATED LIABILITIES

Certificated liabilities and subordinated liabilities are subsequently measured at amortized cost, using the effective interest method to amortize the premium or discount to the redemption value over the life of the liability.

EQUITY

Issued capital represents the mathematical per-share value received at the issuance of shares. Additional paid-in capital represents the premium exceeding the issued capital received at the issuance of shares.

Retained earnings comprise the net income of the current year and of prior years not yet distributed, treasury shares, amounts recognized in other comprehensive income, and any amounts directly recognized in equity according to IFRS. Treasury shares are deducted from shareholders' equity. No gain or loss is recognized on the sale, issuance, acquisition, or cancellation of these shares. Any consideration paid or received is recorded directly in shareholders' equity.

Please refer to the section above for an explanation of foreign currency changes that are recognized in equity. The effective portion of gains and losses of hedging instruments designated as hedges of a net investment in a foreign operation is recognized in foreign currency translation adjustments.

Unrealized gains and losses (net) include unrealized gains and losses from available-for-sale investments and from derivative financial instruments that meet the criteria for cash flow hedge accounting.

Non-controlling interests represent equity in subsidiaries, not attributable directly or indirectly, to Allianz SE as parent.

PREMIUMS

Premiums for short-duration insurance contracts are recognized as revenues over the period of the contract in proportion to the amount of insurance protection provided. Premiums for long-duration insurance contracts are recognized as earned when due.

Revenues for universal life-type and investment contracts represent charges assessed against the policyholders' account balances for front-end loads, net of the change in unearned revenue liabilities and cost of insurance, surrenders, and policy administration, and are included within premiums earned (net).

Premiums ceded for reinsurance are deducted from premiums written.

INTEREST AND SIMILAR INCOME AND INTEREST EXPENSES

Interest income and interest expenses are recognized on an accrual basis using the effective interest method. This line item also includes dividends from available-for-sale equity securities as well as income from investments in associates and joint ventures. Dividends are recognized in income when the right to receive the dividend is established. The share of earnings from investments in associates and joint ventures represents the share of net income from entities accounted for using the equity method.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

Income from financial assets and liabilities carried at fair value through income (net) includes all investment income as well as realized and unrealized gains and losses from financial assets and liabilities carried at fair value through income. In addition, commissions attributable to trading operations and related interest expenses as well as refinancing and transaction costs are included in this line item. Foreign currency gains and losses on monetary items are also reported within income from financial assets and liabilities carried at fair value through income (net).

FEE AND COMMISSION INCOME

Fee and commission income primarily consists of asset management fees which are recognized when the service is provided. For those fees, the service is considered to be provided periodically. Performance fees may not be recognized as fee income before the respective benchmark period is completed because before its completion, the obligation to pay the fee is conditional, the fund performance is regularly not reliably estimable, and related service is not fully performed. In any case, performance-related fees from alternative investment products (carried interest) are not recognized as revenue prior to the date of the official declaration of distribution by the fund. The transaction price for asset management services is determined by the fees contractually agreed.

CLAIMS AND INSURANCE BENEFITS INCURRED

These expenses consist of claims and insurance benefits incurred during the period, including benefit claims in excess of policy account balances and interest credited to policy account balances. Furthermore, it includes claims handling costs directly related to the processing and settlement of claims. Reinsurance recoveries are deducted from claims and insurance benefits.

INCOME TAXES

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed, excluding interest expenses and penalties on the underpayment of taxes. In the event that amounts included in the tax return are considered unlikely to be accepted by the tax authorities (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the tax payment expected. Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized.

Deferred tax assets or liabilities are calculated for temporary differences between the tax bases and the financial statement carrying amounts, including differences from consolidation, unused tax loss carry-forwards, and unused tax credits. Measurement is based on enacted or substantively enacted tax rates and tax rules. Assessments as to the recoverability of deferred tax assets require the use of judgment regarding assumptions related to estimated future taxable profits. This includes the character and amounts of taxable future profits, the periods in which those profits are expected to occur, and the availability of tax planning opportunities. The Allianz Group recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carry forwards and tax credits can be utilized.

The analysis and forecasting required in this process are performed for individual jurisdictions by qualified local tax and financial professionals. Given the potential significance surrounding the underlying estimates and assumptions, group-wide policies and procedures have been designed to ensure consistency and reliability around the recoverability assessment process. Forecast operating results are based upon approved business plans, which are themselves subject to a well-defined process of control. As a matter of policy, especially strong evidence supporting the recognition of deferred tax assets is required if an entity has suffered a loss in either the current or the preceding period. Recognition and recoverability of all significant deferred tax assets are reviewed by tax professionals at Group level and by the Allianz Group Tax Committee.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in the consolidated income statement, except for changes recognized directly in equity.

Further explanations are given in note 32.

NEW ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

IFRS 16, Leasing

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, IFRIC 4, SIC-15, and SIC-27. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Allianz Group has applied IFRS 16 using the modified retrospective approach; therefore, any comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. On transition to IFRS 16, the Allianz Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts previously identified as leases. Contracts that had not been identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

AS A LESSEE

As a lessee, the Allianz Group had previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Allianz Group. Under IFRS 16, the Allianz Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on the balance sheet.

The Allianz Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (e.g. tablets, personal computers, telephones, office furniture, copy and fax machines) as well as car leases as these are considered not to be material for Allianz Group. The Allianz Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES UNDER IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Allianz Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at an amount equal to the lease liability and adjusted by the amount of any prepaid or accrued lease payments. The Allianz Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of the IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

– Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
– Used hindsight in determining the lease term, if the contract contains options to extend or terminate the lease.

LEASES PREVIOUSLY CLASSIFIED AS FINANCE LEASES UNDER IAS 17

For leases classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

AS A LESSOR

The Allianz Group was not required to make any adjustments on transition to IFRS 16 for leases for which it acts as a lessor, except for subleases. The Allianz Group has accounted for its (sub)leases in accordance with IFRS 16 from the date of initial application. Under IFRS 16, the Allianz Group is required to assess the classification of subleases with reference to the right-of-use assets, not the underlying assets. On transition, the Allianz Group reassessed the classification of sublease contracts previously classified as operating leases under IAS 17. The Allianz Group concluded that the sublease is a finance lease under IFRS 16.

The Allianz Group applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contracts to each lease and non-lease component.

IMPACTS ON CONSOLIDATED FINANCIAL STATEMENTS

On transition to IFRS 16, the Allianz Group recognized an additional € 2.3 bn of right-of-use assets in other assets and € 2.6 bn of lease liabilities in other liabilities, recognizing the difference against prepaid rent, deferred rent, and onerous contract provisions.

Impact on consolidated balance sheet
€ mn

	Before first application of IFRS 16	Application of IFRS 16	After implementation of IFRS 16
Other assets	39,209	2,290	41,499
Total assets	**39,209**	**2,290**	**41,499**
Other liabilities	40,232	2,628	42,860
Total liabilities and equity	**40,232**	**2,628**	**42,860**

When measuring lease liabilities, the Allianz Group discounted lease payments using a country- and asset-specific incremental borrowing rate at 1 January 2019, ranging between 0.1 % and 19.7 %.

The operating lease commitment reported under IAS 17 can be reconciled to the lease liabilities according to IFRS 16 as follows:

Reconciliation of lease commitment to lease liabilities
€ mn

Operating lease commitment at 31 December 2018[1]	3,202
Recognition exemption for short-term leases or leases expiring before 31 December 2019, leases of low value assets, car leases, and leases for intangible assets	(183)
Extension and termination options reasonably certain to be exercised	105
Variable lease payments based on an index or an (interest) rate	10
New lease contracts with commencement date after 1 January 2019	(205)
Other	(32)
Discounted using the incremental borrowing rate at 1 January 2019	(268)
Lease liabilities recognized at 1 January 2019	**2,628**

1_Compared to note 37 of the Allianz Group's Annual Report 2018, the operating lease commitments were adjusted by € 797 mn for commitments not included.

Other adopted accounting pronouncements

The following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2019:

– IAS 19, Plan Amendment, Curtailment or Settlement,
– IAS 28, Long-term Interests in Associates and Joint Ventures,
– IFRIC 23, Uncertainty over Income Tax Treatments, and
– Annual Improvements to IFRS Standards 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

These changes had no material impact on the Allianz Group's financial results or financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. The IASB published the Exposure Draft Amendments to IFRS 17 in June 2019, which proposed to defer the mandatory effective date of IFRS 17 by one year, so that IFRS 17 should be applied after 1 January 2022 (retrospective application). IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life insurance contracts, IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk. Further, IFRS 17 will change the presentation of insurance contract revenue, a gross written premium will no longer be presented in the statement of comprehensive income.

For long-duration life insurance contracts, IFRS 17 is expected to have a significant impact on actuarial modeling, as more granular cash flow projections and regular updates of all assumptions will be required, either resulting in profit or loss or impacting the "contractual service margin", a separate component of the insurance liability representing unearned profits from in-force contracts. Further, IFRS 17 introduces different measurement approaches for the insurance contract liabilities, reflecting a different extent of policyholder participation in investment or insurance entity performance.

The Allianz Group is currently assessing the impact of the application of IFRS 17. As of the date of the publication of these consolidated financial statements, it is not practicable to quantify the effect on the Allianz Group consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9, Financial instruments, issued by the IASB in July 2014, fully replaces IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new forward-looking impairment model for debt instruments and provides new rules for hedge accounting.

It can be assumed that the main impact from IFRS 9 will arise from the new classification rules leading to more financial instruments being measured at fair value through income as well as the new impairment model. Interdependencies with IFRS 17 will need to be considered to assess the ultimate combined impact of both standards.

The amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until 1 January 2021 under certain circumstances. In this context, it is to be noted that the Exposure Draft Amendments to IFRS 17 that was published in June 2019, proposes to further extend the expiry date in IFRS 4 for the temporary exemption from applying IFRS 9 to 1 January 2022.

Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Allianz Group has decided to use the option to defer the full implementation of IFRS 9 until IFRS 17 becomes effective.

In order to qualify for the temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of 31 December 2015. Under the amended IFRS 4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of IFRS 4. Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90 %. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of 31 December 2015, the Allianz Group's total carrying amount of liabilities connected with insurance amounted to € 722 bn, which represented more than 90% of its total liabilities of € 783 bn. Thereof, non-derivative investment contract liabilities measured at fair value through income applying IAS 39 amounted to € 107 bn, mostly consisting of financial liabilities for unit-linked contracts. Other insurance-related liabilities amounted to € 40 bn and included mainly other liabilities (e.g. payables as well as employee-related liabilities) as well as subordinated liabilities and financial liabilities carried at fair value through income related to certain derivatives. No change in the activities of the Allianz Group occurred subsequently that would have required a reassessment.

The following table provides an overview of the fair values as of 31 December 2019 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion and for all other financial assets:

Financial assets under IFRS 9 classification rules
€ mn

As of 31 December 2019	Financial assets that meet the SPPI criterion[1]		All other financial assets	
	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	21,075	(17)	-	-
Debt securities				
Government and government agency bonds	233,424	18,391	8,779	523
Covered bonds	77,394	2,154	2,879	307
Corporate bonds	253,222	13,607	16,707	653
MBS/ABS	21,076	390	7,773	382
Other debt securities	34,257	1,379	9,062	346
Subtotal	619,373	35,921	45,200	2,211
Equity securities	-	-	67,672	7,865
Financial assets for unit-linked contracts	-	-	132,168	6,926
Derivative financial instruments	-	-	7,586	2,696
Other	18,673	-	-	-
Total	**659,121**	**35,904**	**252,626**	**19,698**

1_Excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

Financial assets that meet the SPPI criterion are those with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The following table provides information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion. It includes the carrying amounts applying IAS 39 (in the case of financial assets measured at amortized cost before adjusting for any impairment allowances):

Carrying amounts of financial assets that meet the SPPI[1] criterion by rating
€ mn

As of 31 December 2019	Cash and cash equivalents	Government and government agency bonds	Covered bonds	Corporate bonds	MBS/ABS	Other debt securities	Other
Investment grade							
AAA	-	46,301	45,787	5,366	14,973	435	-
AA	-	101,871	16,778	24,966	4,509	10,049	-
A	-	34,096	6,270	86,430	981	9,453	-
BBB	-	36,449	705	117,842	440	6,006	-
Non-investment grade	-	10,246	-	8,094	168	622	-
Not rated	21,075	724	209	7,936	4	4,499	18,673
Total	**21,075**	**229,688**	**69,748**	**250,634**	**21,076**	**31,064**	**18,673**

1_Excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

The fair values of financial assets included in the table above that are non-investment grade, and thus do not have low credit risk as of 31 December 2019, approximately equal the respective carrying amounts. The same also applies to non-rated financial assets.

The publicly available IFRS 9 information disclosed by some subsidiaries that already apply IFRS 9 is not material from the Allianz Group's perspective. Furthermore, the vast majority of the financial instruments of these subsidiaries are financial assets for unit-linked contracts that are recorded at fair value through income under IAS 39 as well as under IFRS 9.

The Allianz Group's investments in associates and joint ventures that are insurance entities also apply the temporary exemption of applying IFRS 9 to the extent they qualify. All other investments in associates and joint ventures held by the Allianz Group already adopted IFRS 9 as of 1 January 2018. The impact of adopting or deferring the application of IFRS 9 for the investments in associates or joint ventures is not material for the Allianz Group.

Further amendments and interpretations

In addition to the above-mentioned accounting pronouncements recently issued, the following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective for or have not been adopted early by the Allianz Group.

Further amendments and interpretations

Standard/Interpretation	Effective date
IFRS 3, Definition of a Business	Annual periods beginning on or after 1 January 2020
IFRS 9, Prepayment Features with Negative Compensation	Annual periods beginning on or after 1 January 2021
IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Annual periods beginning on or after 1 January 2020
IAS 1 and IAS 8, Definition of Material	Annual periods beginning on or after 1 January 2020
IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform	Annual periods beginning on or after 1 January 2020

The amendments and interpretations are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

3 _ Consolidation and classification as held for sale

SIGNIFICANT BUSINESS COMBINATIONS

2019

Effective 31 December 2019, Allianz UK acquired 100% in each Liverpool Victoria General Insurance Group Limited ("LV GIG") and Legal & General Insurance Limited ("LGIL"). The main rationale for both acquisitions is to significantly increase the position of Allianz in the UK personal lines and in particular in the motor and household insurance segments, diversifying customer, product and distribution mix and unlocking synergies across Allianz businesses in the UK. The scale of the combined entities is considered to provide a competitive advantage.

The amounts recognized as of the acquisition date for major classes of identifiable assets acquired and liabilities assumed are as follows:

Identifiable assets acquired and liabilities assumed
€ mn

	LV GIG	LGIL
Cash and cash equivalents	834	465
Investments	1,549	-
Loans and advances to banks and customers	118	-
Reinsurance assets	537	111
Deferred tax assets	2	-
Other assets	516	241
Intangible assets (excluding goodwill)	265	35
Total identifiable assets	**3,821**	**852**
Unearned premiums	916	266
Reserves for loss and loss adjustment expenses	1,582	194
Reserves for insurance and investment contracts	117	-
Deferred tax liabilities	35	-
Other liabilities	344	166
Subordinated liabilities	12	-
Total identifiable liabilities	**3,006**	**626**
Total identifiable net assets	**815**	**226**

The fair value of the acquired identifiable intangible assets of € 300 mn is provisional pending completion of the valuations for those assets.

The following table summarizes the total consideration transferred and the goodwill recognized at the acquisition date:

Total consideration transferred and determination of goodwill
€ mn

	LV GIG	LGIL
Cash and cash equivalents	665	286
Fair value of Allianz UK's previously held equity interest in LV GIG held before the business combination	681	-
Contingent and other considerations	44	-
Total consideration transferred	**1,390**	**286**
Less: Total identifiable net assets	(815)	(226)
Goodwill	**575**	**60**

Allianz UK recognized a gain of € 62 mn as a result of measuring at fair value its previously held 49% equity interest in LV GIG before the business combination which is reported in realized gains/losses (net) for the year ending 31 December 2019.

The total goodwill of € 635 mn arising from both acquisitions consists largely of new business, economies of scale and synergies expected from combining the operations of LV GIG and LGIL.

None of the goodwill recognized is expected to be deductible for income tax purposes.

For the year ended 31 December 2019, acquisition-related expenses in the amount of € 7 mn were included in administrative expenses.

Had LV GIG and LGIL been consolidated from 1 January 2019, the consolidated income statement would have included premiums earned (net) of € 1,613 mn and net income of € 23 mn.

2018

In 2018, no significant business combinations occurred.

CLASSIFICATION AS HELD FOR SALE

Non-current assets and disposal groups classified as held for sale
€ mn

As of 31 December	2019	2018
Assets of disposal groups classified as held for sale		
Allianz Popular	1,884	-
Allianz Sakura	1,132	-
Other disposal groups	15	78
Subtotal	3,031	78
Non-current assets classified as held for sale		
Real estate held for investment	501	47
Real estate held for own use	23	-
Subtotal	524	47
Total	**3,555**	**125**
Liabilities of disposal groups classified as held for sale		
Allianz Popular	1,589	-
Allianz Sakura	637	-
Other disposal groups	10	62
Total	**2,236**	**62**

ALLIANZ POPULAR, MADRID

As of 31 December 2019, all requirements were fulfilled to present Allianz Popular, Madrid, allocated to the reportable segment Iberia & Latin America (Life/Health), as a disposal group classified as held for sale.

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	129
Investments	1,398
Loans and advances to banks and customers	13
Financial assets for unit-linked contracts	7
Reinsurance assets	1
Deferred acquisition costs	14
Other assets	52
Intangible assets	269
Total assets	**1,884**
Unearned premiums	11
Reserves for loss and loss adjustment expenses	57
Reserves for insurance and investment contracts	1,407
Financial liabilities for unit-linked contracts	7
Deferred tax liabilities	70
Other liabilities	37
Total liabilities	**1,589**

As of 31 December 2019, cumulative gains of € 8 mn were reported in other comprehensive income relating to this disposal group classified as held for sale. No impairment loss has been recognized in connection with this transaction. A sales contract for the Allianz shares in Allianz Popular was signed on 24 June 2019. The closing of the transaction was on 31 January 2020.

ALLIANZ SAKURA MULTIFAMILY LUX SCSP, LUXEMBOURG

As of 31 December 2019, all requirements were fulfilled to present Allianz Sakura Multifamily Lux SCSp, Luxembourg, allocated to the reportable segments German Speaking Countries and Central & Eastern Europe (Life/Health) and Corporate and Other, as a disposal group classified as held for sale.

Reclassified assets and liabilities
€ mn

Cash and cash equivalents	16
Investments	1,113
Loans and advances to banks and customers	3
Total assets	**1,132**
Liabilities to banks and customers	625
Other liabilities	13
Total liabilities	**637**

No impairment loss has been recognized in connection with this transaction. The closing of the transaction is expected during the first half year of 2020. After completion of the transaction, the Allianz Group will retain a 50% stake in Allianz Sakura Multifamily Lux SCSp, Luxembourg, subject to at-equity accounting.

4 _ Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

- German Speaking Countries and Central & Eastern Europe,
- Western & Southern Europe and Asia Pacific,
- Iberia & Latin America and Allianz Partners,
- USA (Life/Health only),
- Global Insurance Lines & Anglo Markets, Middle East and Africa.

Both asset management as well as corporate and other activities represent separate reportable segments. In total, the Allianz Group has identified 11 reportable segments in accordance with IFRS 8.

The types of products and services from which the reportable segments derive revenues are described below.

PROPERTY-CASUALTY

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit, and travel insurance.

LIFE/HEALTH

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health, and long-term care insurance.

ASSET MANAGEMENT

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors. It also provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as multi-assets and alternative products. The United States, Canada, Europe, and the Asia-Pacific region represent the primary asset management markets.

CORPORATE AND OTHER

The reportable segment Corporate and Other includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Furthermore, it includes the banking activities in France, Italy, and Bulgaria, global alternative investment management services in the real estate sector, mainly on behalf of the Allianz Group's insurance operations, as well as digital investments.

GENERAL SEGMENT REPORTING INFORMATION

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Lease transactions are accounted for in accordance with IFRS except for intragroup lease transactions which are classified as operating leases (i.e. off-balance sheet treatment by lessee) for internal and segment reporting purposes. Transactions between reportable segments are eliminated in the consolidation. Financial information is recorded based on reportable segments; cross-segmental country-specific information is not determined.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

Effective 1 January 2019, the Allianz Group amended its operating profit definition to exclude certain costs that arise directly from integration measures associated with external acquisitions of a certain magnitude or Group internal business combinations of entities with large business activities. Due to the one-off nature of integration expenses, the Allianz Group believes that the updated definition of operating profit provides more reliable and relevant information to the external audience, and accordingly, their exclusion provides additional insight into the operating profit trends of the underlying business.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- income from financial assets and liabilities carried at fair value through income (net),
- realized gains/losses (net) and impairments of investments (net),
- interest expenses from external debt,
- acquisition-related expenses (from business combinations),
- amortization of intangible assets,
- restructuring and integration expenses, and
- profit (loss) of substantial subsidiaries classified as held for sale.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.
- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. There is one exception from this general rule with regard to policyholder participation in extraordinary tax benefits and expenses. As IFRS require that the consolidated income statement present all tax effects in the line item income taxes, even when they

belong to policyholders, the corresponding expenses for premium refunds are shown as non-operating as well.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

RECENT ORGANIZATIONAL CHANGES

Due to the immateriality of the former reportable segments Banking and Alternative Investments, they were combined in 2019 with the former reportable segment Holding & Treasury to form the new reportable segment Corporate and Other, which is identical to the respective business segment. Previously reported information has been adjusted to reflect this change.

Additionally, some minor reallocations between the reportable segments have been made.

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEET

Business segment information – consolidated balance sheet

€ mn

	Property-Casualty		Life/Health	
As of 31 December	2019	2018	2019	2018
ASSETS				
Cash and cash equivalents	5,334	3,977	10,165	8,301
Financial assets carried at fair value through income	1,415	768	11,661	6,620
Investments	107,740	99,366	500,885	434,794
Loans and advances to banks and customers	11,016	10,773	100,466	95,808
Financial assets for unit-linked contracts	-	-	132,168	115,361
Reinsurance assets	11,739	10,987	5,898	5,504
Deferred acquisition costs	4,936	4,796	19,841	22,912
Deferred tax assets	794	714	836	710
Other assets	27,296	23,357	20,592	18,808
Non-current assets and assets of disposal groups classified as held for sale	100	48	3,016	77
Intangible assets	4,335	3,292	2,695	2,976
Total assets	**174,706**	**158,078**	**808,223**	**711,870**

	Property-Casualty		Life/Health	
As of 31 December	2019	2018	2019	2018
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	114	126	17,900	11,421
Liabilities to banks and customers	1,556	1,563	4,616	5,976
Unearned premiums	20,022	17,784	5,472	5,128
Reserves for loss and loss adjustment expenses	65,414	61,442	12,184	11,672
Reserves for insurance and investment contracts	15,333	14,388	572,904	515,537
Financial liabilities for unit-linked contracts	-	-	132,168	115,361
Deferred tax liabilities	2,712	2,190	5,273	3,374
Other liabilities	22,574	19,115	15,704	14,094
Liabilities of disposal groups classified as held for sale	10	35	1,958	27
Certificated liabilities	-	-	12	11
Subordinated liabilities	12	-	69	65
Total liabilities	**127,746**	**116,641**	**768,261**	**682,666**

Asset Management		Corporate and Other		Consolidation		Group	
2019	2018	2019	2018	2019	2018	2019	2018
967	1,073	4,773	4,136	(165)	(253)	21,075	17,234
66	69	517	506	(473)	(353)	13,187	7,611
79	72	106,426	103,084	(89,383)	(86,394)	625,746	550,923
270	68	5,739	5,449	(4,820)	(3,828)	112,672	108,270
-	-	-	-	-	-	132,168	115,361
-	-	-	-	(92)	(90)	17,545	16,400
-	-	-	-	-	-	24,777	27,709
166	162	1,092	1,095	(1,755)	(1,722)	1,133	959
4,582	3,731	7,668	7,462	(15,607)	(14,149)	44,532	39,209
-	-	566	-	(127)	-	3,555	125
7,607	7,488	159	12	-	-	14,796	13,767
13,739	**12,662**	**126,940**	**121,745**	**(112,423)**	**(106,788)**	**1,011,185**	**897,567**

Asset Management		Corporate and Other		Consolidation		Group	
2019	2018	2019	2018	2019	2018	2019	2018
-	-	523	433	(487)	(354)	18,049	11,626
43	174	8,827	8,045	(1,597)	(1,536)	13,445	14,222
-	-	-	-	(26)	(21)	25,468	22,891
-	-	-	-	(56)	(59)	77,541	73,054
-	-	(82)	(57)	(131)	(181)	588,023	529,687
-	-	-	-	-	-	132,168	115,361
24	46	284	193	(1,755)	(1,722)	6,538	4,080
4,408	3,370	27,960	25,012	(22,742)	(21,358)	47,904	40,232
-	-	319	-	(51)	-	2,236	62
-	-	12,336	11,458	(3,139)	(2,271)	9,209	9,199
-	-	13,177	13,430	(20)	(20)	13,238	13,475
4,475	**3,589**	**63,344**	**58,513**	**(30,006)**	**(27,522)**	**933,820**	**833,888**
				Total equity		**77,364**	**63,679**
				Total liabilities and equity		**1,011,185**	**897,567**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

Business segment information – total revenues and reconciliation of operating profit (loss) to net income (loss)

€ mn

	Property-Casualty		Life/Health	
	2019	2018	2019	2018
Total revenues[1]	**59,156**	**55,401**	**76,426**	**70,450**
Premiums earned (net)	51,328	48,305	24,586	23,167
Operating investment result				
Interest and similar income	3,464	3,426	18,648	17,883
Operating income from financial assets and liabilities carried at fair value through income (net)	(57)	(49)	(1,707)	(3,351)
Operating realized gains/losses (net)	204	160	5,997	4,945
Interest expenses, excluding interest expenses from external debt	(150)	(97)	(121)	(104)
Operating impairments of investments (net)	(42)	(112)	(1,201)	(2,465)
Investment expenses	(426)	(397)	(1,592)	(1,382)
Subtotal	2,993	2,931	20,025	15,527
Fee and commission income	1,946	1,765	1,635	1,548
Other income	153	30	5	13
Claims and insurance benefits incurred (net)	(34,900)	(31,864)	(20,956)	(20,296)
Operating change in reserves for insurance and investment contracts (net)[2]	(465)	(235)	(13,291)	(9,349)
Loan loss provisions	-	-	-	-
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(14,119)	(13,542)	(6,449)	(5,635)
Fee and commission expenses	(1,888)	(1,660)	(795)	(742)
Operating amortization of intangible assets	-	-	(21)	(20)
Operating restructuring and integration expenses	-	-	(28)	(59)
Other expenses	(2)	(6)	(4)	(1)
Operating profit (loss)	**5,045**	**5,725**	**4,708**	**4,152**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(15)	40	109	16
Non-operating realized gains/losses (net)	878	663	155	134
Non-operating impairments of investments (net)	(345)	(396)	(131)	(41)
Subtotal	518	307	133	108
Non-operating change in reserves for insurance and investment contracts (net)	-	-	2	(22)
Interest expenses from external debt	-	-	-	-
Acquisition-related expenses	-	-	-	-
Non-operating amortization of intangible assets	(98)	(55)	(49)	(278)
Non-operating restructuring and integration expenses	(241)	(180)	(43)	(64)
Non-operating items	179	73	43	(256)
Income (loss) before income taxes	5,224	5,798	4,750	3,896
Income taxes	(1,241)	(1,496)	(1,227)	(1,059)
Net income (loss)	**3,983**	**4,302**	**3,523**	**2,837**
Net income (loss) attributable to:				
Non-controlling interests	73	66	187	166
Shareholders	3,910	4,236	3,336	2,671

1_Total revenues comprise gross premiums written and (due to a definition change at the beginning of 2019) fee and commission income in Property-Casualty, statutory gross premiums in Life/ Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking). Prior year figures have been adjusted accordingly.

2_For the year ended 31 December 2019, includes expenses for premium refunds (net) in Property-Casualty of € (153) mn (2018: € 86 mn).

Asset Management		Corporate and Other		Consolidation		Group	
2019	2018	2019	2018	2019	2018	2019	2018
7,164	**6,732**	**239**	**275**	**(616)**	**(575)**	**142,369**	**132,283**
-	-	-	-	-	-	75,914	71,472
20	14	458	513	(157)	(220)	22,433	21,616
1	5	47	20	(1)	8	(1,717)	(3,368)
-	-	-	-	(29)	40	6,172	5,146
(29)	(11)	(153)	(198)	156	214	(297)	(195)
-	-	-	-	-	-	(1,243)	(2,577)
-	-	(102)	(94)	625	540	(1,494)	(1,333)
(9)	8	250	241	595	582	23,854	19,289
9,035	8,462	2,390	2,231	(2,709)	(2,472)	12,296	11,534
1	11	1	4	(1)	(34)	158	24
-	-	-	-	4	4	(55,851)	(52,157)
-	-	-	-	29	(78)	(13,728)	(9,662)
-	-	(2)	(2)	-	-	(2)	(2)
(4,460)	(4,202)	(1,134)	(1,171)	(61)	(50)	(26,223)	(24,600)
(1,864)	(1,749)	(2,106)	(2,134)	2,143	1,983	(4,509)	(4,302)
-	-	-	-	-	-	(21)	(20)
-	-	-	-	-	-	(28)	(59)
-	-	-	-	1	1	(6)	(6)
2,704	**2,530**	**(602)**	**(831)**	**-**	**(64)**	**11,855**	**11,512**
-	-	12	19	2	(7)	107	67
-	-	76	156	(5)	(3)	1,104	951
-	-	(105)	(137)	-	-	(581)	(575)
-	-	(17)	38	(3)	(10)	630	443
-	-	-	-	-	-	2	(22)
-	-	(813)	(840)	-	-	(813)	(840)
(24)	-	-	-	-	-	(24)	-
(16)	(13)	(13)	(9)	-	-	(176)	(355)
(9)	(2)	(104)	(94)	-	-	(398)	(339)
(49)	(15)	(947)	(905)	(3)	(10)	(778)	(1,113)
2,656	2,515	(1,549)	(1,736)	(3)	(74)	11,077	10,399
(664)	(593)	355	443	1	10	(2,776)	(2,696)
1,992	**1,922**	**(1,194)**	**(1,294)**	**(2)**	**(63)**	**8,302**	**7,703**
85	73	43	(64)	-	-	387	241
1,907	1,848	(1,237)	(1,230)	(2)	(63)	7,914	7,462

RECONCILIATION OF REPORTABLE SEGMENTS TO ALLIANZ GROUP FIGURES

Reconciliation of reportable segments to Allianz Group figures

€ mn

	Total revenues		Operating profit (loss)		Net income (loss)	
	2019	2018	2019	2018	2019	2018
German Speaking Countries and Central & Eastern Europe	15,919	15,514	1,884	1,641	1,624	1,207
Western & Southern Europe and Asia Pacific	12,320	12,513	1,518	1,776	1,083	1,339
Iberia & Latin America and Allianz Partners	12,547	10,741	457	498	274	320
Global Insurance Lines & Anglo Markets, Middle East and Africa	25,177	24,058	1,159	1,826	982	1,448
Consolidation	(6,808)	(7,426)	28	(16)	20	(13)
Total Property-Casualty	**59,156**	**55,401**	**5,045**	**5,725**	**3,983**	**4,302**
German Speaking Countries and Central & Eastern Europe	34,380	28,758	1,649	1,620	1,132	1,097
Western & Southern Europe and Asia Pacific	28,053	29,335	1,620	1,359	1,235	823
Iberia & Latin America	1,653	1,873	267	286	235	235
USA	12,265	10,832	1,153	852	1,006	664
Global Insurance Lines & Anglo Markets, Middle East and Africa	885	711	59	49	(55)	29
Consolidation and Other	(810)	(1,059)	(40)	(14)	(30)	(12)
Total Life/Health	**76,426**	**70,450**	**4,708**	**4,152**	**3,523**	**2,837**
Asset Management	**7,164**	**6,732**	**2,704**	**2,530**	**1,992**	**1,922**
Corporate and Other	**239**	**275**	**(602)**	**(831)**	**(1,194)**	**(1,294)**
Consolidation	**(616)**	**(575)**	**-**	**(64)**	**(2)**	**(63)**
Group	**142,369**	**132,283**	**11,855**	**11,512**	**8,302**	**7,703**

NOTES TO THE CONSOLIDATED BALANCE SHEET

5 _ Financial assets carried at fair value through income

Financial assets carried at fair value through income
€ mn

As of 31 December	2019	2018
Financial assets held for trading		
Debt securities	431	421
Equity securities	251	203
Derivative financial instruments	6,884	2,729
Subtotal	7,566	3,353
Financial assets designated at fair value through income		
Debt securities	3,005	2,276
Equity securities	2,616	1,982
Subtotal	5,620	4,258
Total	**13,187**	**7,611**

6 _ Investments

Investments
€ mn

As of 31 December	2019	2018
Available-for-sale investments	593,178	520,612
Held-to-maturity investments	2,589	2,787
Funds held by others under reinsurance contracts assumed	752	732
Investments in associates and joint ventures	13,462	11,823
Real estate held for investment	13,049	12,455
Fixed assets from alternative investments	2,716	2,514
Total	**625,746**	**550,923**

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments
€ mn

As of 31 December	2019				2018			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities								
Corporate bonds	247,684	21,033	(354)	268,363	236,297	8,818	(3,923)	241,192
Government and government agency bonds[1]	189,229	34,743	(573)	223,400	180,094	19,106	(1,669)	197,531
MBS/ABS	27,752	762	(61)	28,453	24,267	202	(434)	24,035
Other	6,721	1,465	(30)	8,156	5,376	1,080	(14)	6,442
Subtotal[2]	471,387	58,004	(1,018)	528,373	446,034	29,205	(6,040)	469,199
Equity securities	48,723	16,337	(255)	64,805	43,055	9,246	(888)	51,413
Total	**520,110**	**74,341**	**(1,273)**	**593,178**	**489,089**	**38,451**	**(6,928)**	**520,612**

1_As of 31 December 2019, fair value and amortized cost of bonds from countries with a rating below AA amount to € 84,788 mn (2018: € 71,260 mn) and € 74,997 mn (2018: € 68,667 mn), respectively.
2_As of 31 December 2019, fair value and amortized cost of debt securities with a contractual maturity of less than one year amount to € 35,645 mn (2018: € 31,226 mn) and € 34,333 mn (2018: € 29,873 mn), respectively.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments
€ mn

As of 31 December	2019				2018			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Government and government agency bonds	2,347	245	(1)	2,591	2,538	189	(46)	2,681
Corporate bonds[1]	241	55	-	296	249	44	-	292
Total[2]	**2,589**	**300**	**(2)**	**2,887**	**2,787**	**232**	**(46)**	**2,973**

1_Also include corporate mortgage-backed securities.
2_As of 31 December 2019, fair value and amortized cost of debt securities with a contractual maturity of less than one year amount to € 215 mn (2018: € 408 mn) and € 212 mn (2018: € 400 mn), respectively.

UNREALIZED LOSSES ON AVAILABLE-FOR-SALE INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

DEBT SECURITIES

Total unrealized losses amounted to € 1,020 mn as of 31 December 2019. The Allianz Group holds a large variety of government and government agency bonds and corporate bonds, mostly of or domiciled in OECD countries.

In general, the credit risk of government and government agency bonds is rather moderate since they are backed by the fiscal capacity of the issuers, who typically hold an investment-grade country- and/or issue-rating. During 2019, interest rates of most government and government agency bonds held by Allianz Group decreased. This development, supported by purchases and realizations, led to a decrease in unrealized losses on government and government agency bonds of € 1,141 mn.

The unrealized losses on the Allianz Group's investments in government and government agency bonds are spread over several countries, with the main part coming from Europe.

For the majority of corporate bonds, the issuer/issues have an investment-grade rating. The decrease in unrealized losses of € 3,569 mn compared to 31 December 2018 is due to decreasing interest rates.

The main impact from unrealized losses on corporate bonds comes from the financial, consumer and energy sector.

Based on a detailed analysis of the underlying securities, the Allianz Group did not consider these investments to be impaired as of 31 December 2019.

EQUITY SECURITIES

As of 31 December 2019, unrealized losses amounted to € 255 mn, a decrease of € 633 mn compared to 31 December 2018. They concern equity securities that did not meet the criteria of the Allianz Group's impairment policy for equity instruments as described in note 2. The major part of these unrealized losses has been in a continuous loss position of less than 6 months.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As of 31 December 2019, loans to associates and joint ventures amounted to € 2,256 mn (2018: € 2,179 mn).

Associates and joint ventures
€ mn

	2019	2018
Share of earnings	422	228
Share of other comprehensive income	137	(79)
Share of total comprehensive income	**559**	**149**

REAL ESTATE HELD FOR INVESTMENT

Real estate held for investment
€ mn

	2019	2018
Cost as of 1 January	15,613	14,386
Accumulated depreciation as of 1 January	(3,158)	(2,967)
Carrying amount as of 1 January	**12,455**	**11,419**
Additions	1,171	1,031
Changes in the consolidated subsidiaries of the Allianz Group	118	343
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(570)	(316)
Reclassifications	65	153
Foreign currency translation adjustments	98	76
Depreciation	(266)	(250)
Impairments	(33)	(16)
Reversals of impairments	11	15
Carrying amount as of 31 December	**13,049**	**12,455**
Accumulated depreciation as of 31 December	3,341	3,158
Cost as of 31 December	16,390	15,613

FIXED ASSETS FROM ALTERNATIVE INVESTMENTS

Fixed assets from alternative investments
€ mn

	2019	2018
Cost as of 1 January	3,240	3,086
Accumulated depreciation as of 1 January	(726)	(597)
Carrying amount as of 1 January	**2,514**	**2,488**
Additions	83	155
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Disposals	-	(1)
Reclassifications	312	-
Foreign currency translation adjustments	1	-
Depreciation	(165)	(128)
Impairments	(28)	-
Carrying amount as of 31 December	**2,716**	**2,514**
Accumulated depreciation as of 31 December	1,152	726
Cost as of 31 December	3,868	3,240

7 _ Loans and advances to banks and customers

Loans and advances to banks and customers
€ mn

As of 31 December	2019	2018
Short-term investments and certificates of deposit	2,574	3,105
Loans	107,084	102,898
Other	3,072	2,344
Subtotal	112,730	108,348
Loan loss allowance	(58)	(78)
Total[1]	**112,672**	**108,270**

1_Includes loans and advances to banks and customers due within one year of € 11,031 mn (2018: € 12,674 mn).

8 _ Reinsurance assets

Reinsurance assets
€ mn

As of 31 December	2019	2018
Unearned premiums	1,853	1,713
Reserves for loss and loss adjustment expenses	10,304	9,672
Aggregate policy reserves	5,260	4,887
Other insurance reserves	128	128
Total	**17,545**	**16,400**

Changes in aggregate policy reserves ceded to reinsurers are as follows:

Changes in aggregate policy reserves ceded to reinsurers
€ mn

	2019	2018
Carrying amount as of 1 January	**4,887**	**4,633**
Foreign currency translation adjustments	75	187
Changes recorded in the consolidated income statement	231	87
Other changes	66	(19)
Carrying amount as of 31 December	**5,260**	**4,887**

The reserves for loss and loss adjustment expenses ceded to reinsurers in the business segment Property-Casualty amounted to € 9,496 mn (2018: € 8,966 mn) as of 31 December 2019. Their change is shown in the respective table in note 14.

The Allianz Group reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and to protect its capital resources. For natural catastrophe events, the Allianz Group has a centralized program in place that pools exposures from its subsidiaries by internal reinsurance agreements. Allianz SE limits exposures in this portfolio through external reinsurance. For other risks, the subsidiaries of the Allianz Group have individual reinsurance programs in place. Allianz SE participates with up to 100% on an arm's length basis in these cessions, in line with local requirements. The risk coming from these cessions is also limited by external retrocessions.

Reinsurance involves credit risk and is subject to aggregate loss limits. Reinsurance does not legally discharge the respective Allianz company from primary liability under the reinsured policies. Although the reinsurer is liable to this company to the extent of the business ceded, the Allianz company remains primarily liable as the direct insurer for all the risks it underwrites, including the share that is reinsured. The Allianz Group monitors the financial condition of its reinsurers on a regular basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfill its obligations to the Allianz Group companies under existing and planned reinsurance contracts. The Allianz Group's evaluation criteria, which include the degree of creditworthiness, capital levels, and marketplace reputation of its reinsurers, are such that the Allianz Group believes that its reinsurance credit risk is not significant, and historically has not experienced noteworthy difficulty in collecting claims from its reinsurers. Additionally, and as appropriate, the Allianz Group may also require letters of credit, deposits, or other financial guarantees to further minimize its exposure to credit risk. In certain cases, however, the Allianz Group does establish an allowance for doubtful amounts related to reinsurance as appropriate, although this amount was not significant as of 31 December 2019 and 2018. The Allianz Group primarily maintains business relations with highly rated reinsurers.

9 _ Deferred acquisition costs

Deferred acquisition costs
€ mn

As of 31 December	2019	2018
Deferred acquisition costs		
Property-Casualty	4,936	4,796
Life/Health	19,195	21,727
Subtotal	24,130	26,523
Deferred sales inducements	351	803
Present value of future profits	295	383
Total	**24,777**	**27,709**

Changes in deferred acquisition costs
€ mn

	2019	2018
Carrying amount as of 1 January	**27,709**	**23,184**
Additions	10,193	9,856
Changes in the consolidated subsidiaries of the Allianz Group	(1)	-
Foreign currency translation adjustments	317	333
Changes in shadow accounting	(4,573)	2,575
Amortization	(8,868)	(8,239)
Carrying amount as of 31 December	**24,777**	**27,709**

10 _ Other assets

Other assets

€ mn

As of 31 December	2019	2018
Receivables		
Policyholders	7,241	6,460
Agents	4,676	4,394
Reinsurance	3,636	2,942
Other	5,848	5,478
Less allowances for doubtful accounts	(673)	(600)
Subtotal	20,728	18,673
Tax receivables		
Income taxes	1,504	1,798
Other taxes	2,329	1,998
Subtotal	3,833	3,796
Accrued dividends, interest, and rent	6,388	6,585
Prepaid expenses	621	507
Derivative financial instruments used for hedging that meet the criteria for hedge accounting, and firm commitments[1]	702	489
Property and equipment		
Real estate held for own use	2,848	2,856
Software	3,183	2,934
Equipment	1,379	1,378
Right-of-use assets[2]	2,416	-
Subtotal	9,826	7,168
Other assets[3]	2,434	1,991
Total[4]	**44,532**	**39,209**

1_Mainly level 2 for fair value measurement.
2_For further information regarding the first application of IFRS 16, please refer to note 2.
3_Include € 892 mn (2018: € 695 mn) assets for deferred compensation programs which are mainly level 2 for fair value measurement.
4_Includes other assets due within one year of € 37,337 mn (2018: € 32,802 mn).

PROPERTY AND EQUIPMENT

Property and equipment

€ mn

	2019				2018			
	Real estate held for own use	Software	Equipment	Right-of-use assets	Real estate held for own use	Software	Equipment	Right-of-use assets
Cost as of 1 January	3,870	7,812	4,259	-	3,938	7,420	4,318	-
Accumulated depreciation/amortization as of 1 January	(1,014)	(4,879)	(2,880)	-	(997)	(4,633)	(2,887)	-
Carrying amount as of 1 January	**2,856**	**2,934**	**1,378**	**2,290**	**2,941**	**2,786**	**1,432**	**-**
Additions	172	688	362	549	78	830	316	-
Changes in the consolidated subsidiaries of the Allianz Group	-	104	1	26	-	6	18	-
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(56)	(57)	(45)	(42)	(14)	(56)	(61)	-
Reclassifications	(67)	161	(6)	3	(63)	23	(15)	-
Foreign currency translation adjustments	14	5	15	3	(13)	(2)	6	-
Depreciation/Amortization	(72)	(618)	(325)	(401)	(71)	(585)	(317)	-
Impairments	-	(34)	(1)	(11)	(4)	(70)	(1)	-
Reversals of impairments	2	-	-	-	1	-	-	-
Carrying amount as of 31 December	**2,848[1]**	**3,183[2]**	**1,379**	**2,416[3]**	**2,856**	**2,934**	**1,378**	**-**
Accumulated depreciation/amortization as of 31 December	1,025	5,667	2,629	423[3]	1,014	4,879	2,880	-
Cost as of 31 December	3,874	8,850	4,008	2,838	3,870	7,812	4,259	-

1_As of 31 December 2019, assets pledged as security and other restrictions on title were € 103 mn (2018: € 104 mn).
2_As of 31 December 2019, includes € 2,156 mn (2018: € 1,926 mn) for self-developed software and € 1,027 mn (2018: € 1,007 mn) for software purchased from third parties.
3_Consists mainly of real estate. For information on the first application of IFRS 16, please refer to note 2.

11 _ Intangible assets

Intangible assets
€ mn

As of 31 December	2019	2018
Goodwill	13,207	12,330
Distribution agreements[1]	598	815
Other[2]	991	621
Total	**14,796**	**13,767**

1_Primarily includes the long-term distribution agreement with Commerzbank AG.
2_Primarily include acquired business portfolios, customer relationships, heritable building rights, land use rights, lease rights, renewal rights, and brand names.

GOODWILL

Goodwill
€ mn

	2019	2018
Cost as of 1 January	12,622	12,288
Accumulated impairments as of 1 January	(292)	(440)
Carrying amount as of 1 January	**12,330**	**11,848**
Additions	807	359
Disposals	-	-
Foreign currency translation adjustments	70	123
Impairments	-	-
Carrying amount as of 31 December	**13,207**	**12,330**
Accumulated impairments as of 31 December	292	292
Cost as of 31 December	13,499	12,622

2019

Additions are mainly related to goodwill arising from the acquisitions of Liverpool Victoria General Insurance Group Limited, Guildford and Legal & General Insurance Limited, Guildford.

2018

Additions are mainly related to goodwill arising from the acquisition of Servicios Compartidos Multiasistencia S.L., Madrid.

IMPAIRMENT TEST FOR GOODWILL

ALLOCATION PRINCIPLES

For the purpose of impairment testing, the Allianz Group has allocated goodwill to CGUs[1]. These CGUs represent the lowest level at which goodwill is monitored for internal management purposes.

CGUs in the Property-Casualty business segment are:

– Insurance German Speaking Countries, including Germany and Switzerland,
– Insurance Western & Southern Europe, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, and Turkey,
– Insurance Asia,
– Insurance Iberia & Latin America, including Mexico, Portugal, South America and Spain,
– Insurance Central & Eastern Europe, including Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, and Ukraine,
– Global Insurance Lines & Anglo Markets, Middle East and Africa including Australia, Ireland, the United Kingdom, Middle East and Africa,
– Specialty Lines I, including Allianz Re, Allianz Global Corporate & Specialty and Credit Insurance, and
– Specialty Lines II, including Allianz Partners and Allianz Direct.

CGUs in the Life/Health business segment are:

– Insurance German Speaking Countries, including Germany and Switzerland
– Insurance Western & Southern Europe, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, and Turkey,
– Insurance Central & Eastern Europe, including Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, and Ukraine,
– Global Insurance Lines & Anglo Markets, Middle East and Africa including Australia, Ireland, the United Kingdom, Middle East and Africa, and
– US Life Insurance.

The business segment Asset Management is represented by the CGU Asset Management, mainly including Allianz Global Investors and PIMCO.

The business segment Corporate and Other mainly includes Digital Investments.

1_The following paragraphs only include the CGUs that contain goodwill.

The carrying amounts of goodwill are allocated to the Allianz Group's CGUs as of 31 December 2019 and 2018 as follows:

Allocation of carrying amounts of goodwill to CGUs
€ mn

As of 31 December	2019	2018
PROPERTY-CASUALTY		
Insurance German Speaking Countries	328	299
Insurance Western & Southern Europe	1,115	1,195
Insurance Asia	159	135
Insurance Iberia & Latin America	21	21
Insurance Central & Eastern Europe	300	311
Global Insurance Lines & Anglo Markets, Middle East and Africa	1,182	538
Specialty Lines I	38	38
Specialty Lines II	336	265
Subtotal	3,479	2,803
LIFE/HEALTH		
Insurance German Speaking Countries	946	946
Insurance Western & Southern Europe	628	631
Insurance Central & Eastern Europe	56	45
Global Insurance Lines & Anglo Markets, Middle East and Africa	16	16
US Life Insurance	470	467
Subtotal	2,117	2,104
ASSET MANAGEMENT	7,515	7,423
CORPORATE AND OTHER	97	-
Total	**13,207**	**12,330**

VALUATION TECHNIQUES

The recoverable amounts for all CGUs are determined on the basis of value in use calculations. The Allianz Group applies generally acknowledged valuation principles to determine the value in use.

For all CGUs in the Property-Casualty business segment and for the CGU Asset Management, the Allianz Group mainly uses the discounted earnings method to derive the value in use. Generally, the basis for the determination of the discounted earnings value is the business plan ("detailed planning period") as well as the estimate of the sustainable returns and eternal growth rates, which can be assumed to be realistic on a long-term basis ("terminal value") for the operating entities included in the CGU. The discounted earnings value is calculated by discounting the future earnings using an appropriate discount rate. The business plans applied in the value in use calculations are the results of the structured management dialogues between the Board of Management of Allianz SE and the operating entities in connection with a reporting process integrated into these dialogues. Generally, the business plans comprise a planning horizon of three years and are based on the current market environment.

The terminal values are largely based on the expected profits of the final year of the detailed planning period. Where necessary, the planned profits are adjusted to reflect long-term sustainable earnings. The financing of the assumed eternal growth in the terminal values is accounted for by appropriate profit retention.

For all CGUs in the Life/Health business segment, the value in use is based on an Appraisal Value method, which is derived from the Embedded Value and new-business value calculation. As a starting point for the impairment test for the CGUs in the Life/Health business segment, the Market Consistent Embedded Value (MCEV) and a multiple of the Market Consistent Value of New Business is used. MCEV is an industry-specific valuation method to assess the current value of the in-force portfolio. The Allianz Group uses an economic balance sheet approach to derive the MCEV, which is directly taken out of the market value balance sheet (MVBS) as determined using Solvency II guidance. In case where no adequate valuation reflecting a long-term view in line with management judgment and market experience could be derived from market-consistent methodology, the Appraisal Value can be derived from a Traditional Embedded Value (TEV). This was the case for the CGU US Life Insurance in 2019.

In the Corporate and Other business segment, the Value in use for in the Digital Investments is derived by using the discounted cash flow and multiple method. Discounted cash flows are calculated based on the companies' business plan as well as an estimate of sustainable returns and eternal growth rates (Terminal Value). The discounted earnings value is calculated by discounting the future earnings using an appropriate discount rate. For the multiple method transactions and revenues of comparable companies are used.

SIGNIFICANT ASSUMPTIONS

In determining the business plans, certain key assumptions were made in order to project future earnings.

For entities included in the CGUs of the Property-Casualty business segment, the business plans are mainly based on key assumptions including expense ratio, loss ratio, investment income, risk capital, market share, premium rate changes, and taxes. The bases for determining the values assigned to the key assumptions are current market trends and earnings projections.

The discount rate is based on the capital asset pricing model (CAPM) and appropriate eternal growth rates. The assumptions, including the risk-free interest rate, market risk premium, segment beta, and leverage ratio used to calculate the discount rates, are generally consistent with the parameters used in the Allianz Group's planning and controlling process. The discount rates and eternal growth rates for the CGUs in the Property-Casualty business segment are as follows:

Discount rates and eternal growth rates for the CGUs in the Property-Casualty business segment[1]
%

CGUs in the Property-Casualty business segment	Discount rate	Eternal growth rate
Insurance German Speaking Countries	7.4	0.3
Insurance Western & Southern Europe	9.9	2.8
Insurance Asia	12.1	5.6
Insurance Iberia & Latin America	10.5	2.1
Insurance Central & Eastern Europe	8.6	1.0
Global Insurance Lines & Anglo Markets, Middle East and Africa	8.9	1.4
Specialty Lines I	7.7	1.0
Specialty Lines II	7.9	0.5

1_The table provides an overview of weighted key parameters on CGU level of the country-specific discount rates and eternal growth rates used.

For entities included in the CGUs of the Life/Health business segment, the MCEV is the excess of assets over liabilities of the MVBS according to the Solvency II requirements. Assets and liabilities included in the MVBS are measured at their market value as of the reporting date.

Technical provisions are an essential part of the liabilities included in the MVBS and generally consist of the best estimate plus a risk margin. The best estimate corresponds to the probability-weighted average of future cash flows considering the time value of money, using the relevant risk-free interest rate term structure. The calculation of the best estimate is based on assumptions made for demographic factors (e.g. mortality, morbidity, lapse/surrender rates), expense allowances, taxation, assumptions on market conditions for market consistent projections (e.g. reference rates, volatilities) as well as investment strategy and asset allocation of the entity. The risk margin ensures that the value of the technical provisions is equivalent to the amount that the entity would be expected to require in order to take on and meet the insurance and reinsurance obligations.

Reference rates used for the calculation of the best estimate follow EIOPA specifications for the Solvency II guidance.

The following table provides an overview of the reference rates for the CGUs in the Life/Health business segment:

Reference rates for the CGUs in the Life/Health business segment

CGUs in the Life/Health business segment	Reference rate for entities with Appraisal Value based on MCEV
Insurance German Speaking Countries	Euro swap curve minus 10 bps credit risk adjustment plus 7 bps volatility adjustment CHF swap curve minus 10 bps credit risk adjustment plus 5 bps volatility adjustment
Insurance Western & Southern Europe	For those entities reporting in Euro: Euro swap curve minus 10 bps credit risk adjustment plus 7 bps volatility adjustment
Insurance Central & Eastern Europe	For those entities reporting in Euro: Euro swap curve minus 10 bps credit risk adjustment plus 7 bps volatility adjustment For other entities: Local swap curve minus 10 bps credit risk adjustment plus volatility adjustment for the following currencies only (CZK: 12 bps, HUF: 1 bps, PLN: 8 bps)
Global Insurance Lines & Anglo Markets, Middle East and Africa	For those entities reporting in Euro: Euro swap curve minus 10 bps credit risk adjustment plus 7 bps volatility adjustment
US Life Insurance	Local swap curve minus 13 bps credit risk adjustment plus 28 bps volatility adjustment

The new-business value calculation is based on a best estimate of one year of value of new business, multiplied by a factor (multiple) to capture expected future new business. The best estimate of new business is generally derived from the achieved value of new business. The new business multiple accounts for the risk and the growth associated with future new business in analogy to the discount rate and the growth rate in a discounted earnings method. For all CGUs in the Life/Health business segment, a multiple of not more than ten times the value of new business is applied.

For entities included in the CGU of the Asset Management business segment, key assumptions include assets under management growth, cost-income ratio, and risk capital. The key assumptions are based on the current market environment. The discount rate for the CGU Asset Management is 10.6% and the eternal growth rate is 1.6%.

For the Digital Investments included in the Corporate and Other business segment, the bases for determining the values assigned to the key assumptions are current market trends and earnings projections. The discount rate and the eternal growth rates are calculated in line with market practice and are subject to company-specific factors, its development status and the markets in which the company operates.

SENSITIVITY ANALYSIS

Sensitivity analyses were performed with regard to discount rates and key value drivers of the business plans.

For the CGUs in the Property-Casualty business segment and for the CGU Asset Management, sensitivity analyses were performed with respect to the long-term sustainable combined ratios and cost-income ratios. For all CGUs discounted earnings, value sensitivities still exceeded their respective carrying amounts – though for the CGU Insurance Asia in the business segment Property-Casualty, an increase of 0.5% points in the discount rate and/or the combined ratio results in the recoverable amount of the CGU getting close to its respective carrying value.

In the Life/Health business segment, sensitivity analyses were performed based on MCEV sensitivity testing on the reference rate. The analyses have shown that in case of a decrease in reference rates by 50 basis points, the appraisal value of each CGU still exceeds its carrying amount.

In the Corporate and Other business segment, a sensitivity analysis was performed with respect to interest rates. The analysis has shown that in case of an increase in the interest rates by 50 basis points and under consideration of a holding period usual for the asset class, the recoverable amount approximates its carrying value.

12 _ Liabilities to banks and customers

Liabilities to banks and customers
€ mn

As of 31 December	2019	2018
Payable on demand and other deposits	1,082	1,115
Repurchase agreements and collateral received from securities lending transactions and derivatives	4,551	4,173
Other[1]	7,812	8,934
Total[2]	**13,445**	**14,222**

1_For the year ended 31 December 2019, € 1.9 bn of liabilities to banks and customers related to some saving contracts were reclassified to aggregate policy reserves.
2_Consists of liabilities to banks and customers due within one year of € 11,914 mn (2018: € 12,653 mn), 1 - 5 years of € 898 mn (2018: € 819 mn) and over 5 years of € 633 mn (2018: € 750 mn).

13 _ Unearned premiums

Unearned premiums
€ mn

As of 31 December	2019	2018
Property-Casualty	20,022	17,784
Life/Health	5,472	5,128
Consolidation	(26)	(21)
Total	**25,468**	**22,891**

14 _ Reserves for loss and loss adjustment expenses

As of 31 December 2019, the reserves for loss and loss adjustment expenses of the Allianz Group totaled € 77,541 mn (2018: € 73,054mn). The following table reconciles the beginning and ending reserves for the Property-Casualty business segment for the years ended 31 December 2019 and 2018.

Change in the reserves for loss and loss adjustment expenses in the Property-Casualty business segment
€ mn

	2019			2018		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	**61,442**	**(8,966)**	**52,475**	**62,093**	**(9,587)**	**52,505**
Balance carry forward of discounted loss reserves	4,157	(274)	3,883	4,096	(287)	3,809
Subtotal	65,598	(9,240)	56,358	66,189	(9,874)	56,314
Loss and loss adjustments expenses incurred						
Current year	38,874	(2,915)	35,959	36,515	(2,670)	33,845
Prior years	(801)	(258)	(1,059)	(2,905)	924	(1,981)
Subtotal	38,073	(3,173)	34,900	33,610	(1,746)	31,864
Loss and loss adjustments expenses paid						
Current year	(18,701)	596	(18,105)	(17,859)	775	(17,084)
Prior years	(17,905)	2,546	(15,360)	(17,044)	1,798	(15,246)
Subtotal	(36,606)	3,141	(33,465)	(34,903)	2,573	(32,330)
Foreign currency translation adjustments and other changes[1]	895	(91)	803	567	(125)	442
Changes in the consolidated subsidiaries of the Allianz Group	2,006	(480)	1,526	135	(68)	67
Subtotal	69,965	(9,844)	60,122	65,598	(9,240)	56,358
Ending balance of discounted loss reserves	(4,552)	348	(4,204)	(4,157)	274	(3,883)
As of 31 December	**65,414**	**(9,496)**	**55,918**	**61,442**	**(8,966)**	**52,475**

1_Include effects of foreign currency translation adjustments for prior year's claims of gross € 493 mn (2018: € 26 mn) and of net € 391 mn (2018: € (70) mn) and for current year claims of gross € 31 mn (2018: € (44) mn) and of net € 40 mn (2018: € (41) mn).

Prior years' net loss and loss adjustment expenses incurred reflect the changes in estimation charged or credited to the consolidated income statement in each year with respect to the reserves for loss and loss adjustment expenses established as of the beginning of that year. During the year ended 31 December 2019, the Allianz Group recorded additional income of € 1,059 mn (2018: € 1,981 mn) net in respect of losses occurring in prior years. During the year ended 31 December 2019, this amount, expressed as a percentage of the net balance of the beginning of the year, was 1.9 % (2018: 3.5 %).

CHANGES IN HISTORICAL RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim types such as asbestos and environmental claims. The origin year of losses is taken into consideration by analyzing each line of business by accident year. While this determines the estimates of reserves for loss and LAE by accident year, the effect in the consolidated income statement in the respective calendar year combines the accident year loss ratio for the current year with the favorable or adverse development from prior years (run-off).

Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet, the underlying business development of these non-life reserves is still considered in the loss ratio. Therefore the tables below show the loss development by accident year including the business development of discounted loss reserves.

The run-off triangle, also known as the "loss triangle", is a tabular representation of loss-related data (such as payments, loss reserves, ultimate losses) in two time-related dimensions. One of these is the calendar year, the other is the accident year (year of loss occurrence). Run-off triangles – as the basis for measuring loss reserves – express how the loss reserves change over the course of time due to payments made and new estimates of the expected ultimate loss at the respective reporting date.

The data is only presented on a net basis, as this is considered to be more meaningful in order to represent the retained impact on Group results. The run-off triangles are not prepared on a currency-adjusted basis. This means all figures are translated from the respective local currency into the Allianz Group presentation currency (Euro), consistently using the exchange rates applicable at the respective reporting date. This ensures that the reserves reconcile with reserves in the consolidated balance sheet.

LOSS PAYMENTS FOR THE INDIVIDUAL ACCIDENT YEARS (PER CALENDAR YEAR, NET)

Loss payments for the individual accident years (per calendar year, net)
€ mn

	Accident year										
Calendar year	2010 and prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
2010	26,459										26,459
2011	12,229	14,316									26,545
2012	5,951	7,434	14,443								27,828
2013	4,259	2,090	7,181	15,449							28,979
2014	3,224	1,169	1,890	7,009	15,410						28,702
2015	2,497	775	1,054	1,850	7,564	16,291					30,031
2016	2,781	546	727	1,004	2,007	7,929	16,409				31,403
2017	1,545	303	425	710	1,022	2,261	7,842	16,669			30,778
2018	1,971	257	344	389	707	1,119	2,484	7,976	17,084		32,330
2019	1,070	182	195	314	490	788	1,044	2,753	8,524	18,105	33,465

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Reserves for loss and loss adjustment expenses for the individual accident years at the respective reporting date (net)
€ mn

	Accident year										
As of 31 December	2010 and prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
2010	50,850										50,850
2011	37,240	15,596									52,836
2012	32,382	7,861	15,564								55,807
2013	27,058	5,190	7,239	13,957							53,445
2014	24,014	4,066	5,223	7,101	15,215						55,619
2015	21,228	3,208	3,931	5,182	7,585	16,358					57,492
2016	17,796	2,564	3,040	3,894	5,262	7,991	16,708				57,254
2017	14,873	1,945	2,356	2,815	3,891	5,407	8,454	16,573			56,314
2018	12,729	1,570	1,808	2,352	2,954	4,114	5,424	8,327	17,081		56,358
2019	11,549	1,368	1,485	2,001	2,341	3,413	4,403	6,049	8,751	18,762	60,122

ULTIMATE LOSS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Ultimate loss for the individual accident years at the respective reporting date (net)
€ mn

	Accident year										
Calendar year	2010 and prior	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
2010	77,309										
2011	75,928	29,912									
2012	77,021	29,610	30,007								
2013	75,957	29,029	28,863	29,407							
2014	76,137	29,074	28,736	29,560	30,625						
2015	75,848	28,990	28,498	29,490	30,560	32,649					
2016	75,197	28,893	28,334	29,206	30,244	32,211	33,116				
2017	73,818	28,577	28,076	28,837	29,896	31,888	32,705	33,242			
2018	73,646	28,459	27,871	28,764	29,665	31,713	32,158	32,972	34,165		
2019	73,536	28,440	27,743	28,726	29,542	31,801	32,182	33,447	34,358	36,867	
Surplus[1]	3,773	1,472	2,264	681	1,083	848	934	(205)	(193)	-[3]	10,657
Reduction/(increase) 2019 versus 2018[2]	110	19	128	38	123	(87)	(24)	(475)	(193)	-[3]	(361)

1_Includes effects from foreign currency translation adjustments and other changes.
2_The total development 2019 to 2018 of € (361) mn represents the cumulative change from re-estimating the ultimate loss for prior year claims. Considering foreign currency translation adjustments of net € 391 mn as well as changes in the consolidated subsidiaries of the Allianz Group and other changes of in total € 1,030 mn, this leads to an effective run-off of net € 1,059 mn, which can be found in the table "Change in reserves for loss and loss adjustment expenses" within this note.
3_Presentation not meaningful.

CALENDAR YEAR PREMIUMS EARNED AND ULTIMATE LOSS RATIOS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Calendar year premiums earned and ultimate loss ratios for the individual accident years at the respective reporting date (net)

	Premiums earned (net)	Accident year								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
	€ mn	%	%	%	%	%	%	%	%	%
2011	39,898	75.0								
2012	41,705	74.2	72.0							
2013	42,047	72.8	69.2	69.9						
2014	43,759	72.9	68.9	70.3	70.0					
2015	46,430	72.7	68.3	70.1	69.8	70.3				
2016	46,588	72.4	67.9	69.5	69.1	69.4	71.1			
2017	47,242	71.6	67.3	68.6	68.3	68.7	70.2	70.4		
2018	48,305	71.3	66.8	68.4	67.8	68.3	69.0	69.8	70.7	
2019	51,328	71.3	66.5	68.3	67.5	68.5	69.1	70.8	71.1	71.8

The ultimate loss of an accident year comprises all payments made for that accident year up to the reporting date, plus the loss reserves at the reporting date. Given complete information regarding all losses incurred up to the reporting date, the ultimate loss for each accident-year period would remain unchanged. In practice, however, the ultimate loss (based on estimates) is exposed to fluctuations that reflect the increase in knowledge regarding the loss cases. The loss ratio presented above deviates from the reported loss ratio because the ultimate loss in the table above is based on the sum of the payments plus the loss reserves, not the incurred loss as stated in the consolidated income statement. This means that effects like changes in consolidated subsidiaries, foreign currency translation and unwinding of discounted loss reserves are presented differently.

CONCENTRATION OF INSURANCE RISK IN THE PROPERTY-CASUALTY BUSINESS SEGMENT

Further risk disclosure requirements of IFRS 4 in connection with IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Internal risk capital framework,
- Risk based steering and risk management,
- Underwriting risk in the section Quantifiable risks and opportunities by risk category.

CONTRACTUAL CASH FLOWS

As of 31 December 2019, the reserves for loss and loss adjustment expenses which are expected to be due in 2020 amounted to € 18,298 mn, while those expected to be due between 2021 and 2024 amounted to € 22,258 mn and those expected to be due after 2024 amounted to € 19,565 mn.

15 _ Reserves for insurance and investment contracts

Reserves for insurance and investment contracts
€ mn

As of 31 December	2019	2018
Aggregate policy reserves	497,558	466,406
Reserves for premium refunds	89,781	62,573
Other insurance reserves	685	707
Total	**588,023**	**529,687**

AGGREGATE POLICY RESERVES

Aggregate policy reserves
€ mn

	2019	2018
As of 1 January	**466,406**	**440,926**
Balance carry forward of discounted loss reserves	(4,157)	(4,096)
Subtotal	462,249	436,830
Foreign currency translation adjustments	2,893	5,250
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Changes recorded in the consolidated income statement	2,267	2,051
Premiums collected	35,002	29,367
Separation of embedded derivatives	(38)	1,274
Interest credited	5,774	3,731
Dividends allocated to policyholders	1,626	1,558
Releases upon death, surrender, and withdrawal	(18,681)	(16,566)
Policyholder charges	(1,714)	(1,515)
Portfolio acquisitions and disposals	68	(1,058)
Other changes[1]	3,560	1,328
Subtotal	493,006	462,249
Ending balance of discounted loss reserves	4,552	4,157
As of 31 December	**497,558**	**466,406**

1_They partly relate to insurance contracts, when policyholders change their contract from an unit-linked to an universal life-type contract. Furthermore, for the year ended 31 December 2019, € 1.9 bn related to some saving contracts were reclassified from liabilities to banks and customers to aggregate policy reserves.

RESERVES FOR PREMIUM REFUNDS

Reserves for premium refunds
€ mn

	2019	2018
Amounts already allocated under local statutory or contractual regulations		
As of 1 January	**16,901**	**16,196**
Foreign currency translation adjustments	7	7
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Changes	600	698
As of 31 December	**17,508**	**16,901**
Latent reserves for premium refunds		
As of 1 January	**45,673**	**55,581**
Foreign currency translation adjustments	115	85
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Changes due to fluctuations in market value	23,919	(10,436)
Changes due to valuation differences charged to income	2,566	443
As of 31 December	**72,273**	**45,673**
Total	**89,781**	**62,573**

CONCENTRATION OF INSURANCE RISK IN THE LIFE/HEALTH BUSINESS SEGMENT

The Allianz Group's Life/Health business segment provides a wide variety of insurance and investment contracts to individuals and groups in over 30 countries around the world. Individual contracts include both traditional contracts and unit-linked contracts. Without taking policyholder participation into account, traditional contracts generally incorporate significant investment risk for the Allianz Group, while unit-linked contracts generally result in the contract holder assuming the investment risk. Traditional contracts include life, endowment, annuity and health contracts. Traditional annuity contracts are issued in both deferred and immediate types. In addition, the Allianz Group's life insurance operations in the United States issue a significant amount of equity-indexed deferred annuities. In certain markets, the Allianz Group also issues group life, group health and group pension contracts.

As of 31 December 2019 and 2018, the Allianz Group's reserves for insurance and investment contracts for the business segment Life/Health are summarized per reportable segment as follows:

Concentration of insurance risk in the Life/Health business segment per reportable segment
€ mn

As of 31 December	2019			2018		
	Reserves for insurance and investments contracts	Financial liabilities for unit-linked contracts	Total	Reserves for insurance and investments contracts	Financial liabilities for unit-linked contracts	Total
German Speaking Countries and Central & Eastern Europe	334,285	11,414	345,699	293,849	9,693	303,542
Western & Southern Europe and Asia Pacific	126,811	97,241	224,052	118,101	83,904	202,005
Iberia & Latin America	8,358	1,203	9,560	9,409	870	10,279
USA	106,706	21,944	128,651	97,127	20,610	117,736
Global Insurance Lines & Anglo Markets, Middle East and Africa	1,642	366	2,008	1,560	284	1,844
Consolidation and Other	(4,898)	1	(4,898)	(4,508)	-	(4,508)
Total	**572,904**	**132,168**	**705,072**	**515,537**	**115,361**	**630,898**

The majority of the Allianz Group's Life/Health business segment operations are conducted in Western Europe. Insurance laws and regulations in Europe have historically been characterized by legal or contractual minimum participation of contract holders in the profits of the insurance company issuing the contract. In particular, life insurance business in Germany, Switzerland, and Austria, which comprises approximately 52 % (2018: 50 %) of the Allianz Group's reserves for insurance and investment contracts as of 31 December 2019, includes a substantial level of policyholder participation in all sources of profit, including mortality/morbidity, investment, and expense. As a result of this policyholder participation, the Allianz Group's exposure to insurance, investment and expense risk is mitigated.

Furthermore, all of the Allianz Group's annuity policies issued in the United States meet the criteria for classification as insurance contracts under IFRS 4 because they include options for contract holders to elect a life-contingent annuity. These contracts currently do expose the Allianz Group to a certain longevity risk, however, adverse developments can be counteracted by using the flexible crediting options on the in-force book. Additionally, many of the Allianz Group's traditional contracts issued in France and Italy do not incorporate significant insurance risk, although they are accounted for as insurance contracts because of their discretionary participation features. Similarly, a significant portion of the Allianz Group's unit-linked contracts in France and Italy do not incorporate significant insurance risk.

As a result of the considerable diversity in types of contracts issued, including the offsetting effects of mortality risk and longevity risk inherent in a combined portfolio of life insurance and annuity products, the geographic diversity of the Allianz Group's Life/Health business segment and the substantial level of policyholder participation in mortality/morbidity risk in certain countries in Western Europe, the Allianz Group does not believe its Life/Health segment has any significant concentrations of insurance risk, nor does it believe its net income or shareholders' equity is highly sensitive to insurance risk.

The Allianz Group's Life/Health business segment is exposed to significant investment risk as a result of guaranteed minimum interest rates being included in most of its non-unit-linked contracts. The weighted average guaranteed minimum interest rates of the Allianz Group's largest operating entities in the business segment Life/Health, comprising 86 % (2018: 86 %) of the aggregate policy reserves in this business segment in 2019, can be summarized by country as follows:

Weighted average guaranteed minimum interest rates of life insurance entities

As of 31 December	2019		2018	
	Guaranteed rate	Aggregate policy reserves	Guaranteed rate	Aggregate policy reserves
	%	€ bn	%	€ bn
Germany	2.0	205.5	2.2	190.2
United States	0.5	106.7	0.5	97.1
France	0.3	56.6	0.4	55.2
Italy	1.3	29.5	1.5	29.5
Switzerland	1.5	11.8	1.5	11.4
Belgium	2.0	8.4	2.2	8.6

In most of these markets, the effective interest rates earned on the investment portfolio exceed these guaranteed minimum interest rates. In addition, the operations in these markets may also have significant mortality and expense margins. However, the Allianz Group's Life/Health operations in Switzerland and Belgium have high guaranteed minimum interest rates on older contracts in their portfolios and, as a result, may be sensitive to declines in investment rates or a prolonged low interest rate environment.

Further risk disclosure requirements of IFRS 4 in connection with IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Internal risk capital framework,
- Risk based steering and risk management,
- Underwriting risk in the section Quantifiable risks and opportunities by risk category.

FUTURE POLICY BENEFITS

As of 31 December 2019, benefits for insurance and investment contracts which are expected to be due in 2020 amounted to € 61 bn, while those expected to be due between 2021 and 2024 amounted to € 202 bn and those expected to be due after 2024 amounted to € 1,194 bn.

The resulting total benefits for insurance and investment contracts in the amount of € 1,457 bn include contracts where the timing and amount of payments are considered fixed and determinable, as well as contracts which have no specified maturity dates and may result in a payment to the contract beneficiary, depending on mortality and morbidity experience and the incidence of surrenders, lapses, or maturities. Furthermore, the amounts are undiscounted and do not include any expected future premiums; therefore they significantly exceed the reserves for insurance and investment contracts presented in the consolidated balance sheet.

For contracts without fixed and determinable payments, the Allianz Group has made assumptions in estimating the undiscounted cash flows of contractual policy benefits including mortality, morbidity, interest crediting rates, policyholder participation in profits, and future lapse rates. These assumptions represent current best estimates and may differ from the estimates used to establish the reserves for insurance and investment contracts in accordance with the Allianz Group's established accounting policy. Due to the uncertainty of the assumptions used, the amount presented could be materially different from the actual incurred payments in future periods.

16 _ Financial liabilities for unit-linked contracts

Financial liabilities for unit-linked contracts
€ mn

	2019	2018
As of 1 January	**115,361**	**119,141**
Foreign currency translation adjustments	709	644
Changes in the consolidated subsidiaries of the Allianz Group	-	130
Premiums collected	19,516	20,351
Interest credited	15,584	(7,836)
Releases upon death, surrender, and withdrawal	(14,619)	(13,404)
Policyholder charges	(2,244)	(2,013)
Portfolio acquisitions and disposals	(40)	(57)
Reclassifications[1]	(2,099)	(1,596)
As of 31 December[2]	**132,168**	**115,361**

1_These reclassifications mainly relate to insurance contracts when policyholders change their contracts from an unit-linked to an universal life-type contract.
2_Consists of € 82,584 mn (2018: € 71,586 mn) unit-linked insurance contracts and € 49,584 mn (2018: € 43,774 mn) unit-linked investment contracts.

17 _ Other liabilities

Other liabilities
€ mn

As of 31 December	2019	2018
Payables		
Policyholders	5,425	4,880
Reinsurance	2,103	1,655
Agents	1,760	1,652
Subtotal	9,288	8,186
Payables for social security	425	425
Tax payables		
Income taxes	1,773	1,530
Other taxes, interest, and penalties	1,988	1,738
Subtotal	3,761	3,268
Accrued interest and rent	537	437
Unearned income	502	503
Provisions		
Pensions and similar obligations	10,556	9,091
Employee related	2,849	2,779
Share-based compensation plans	429	383
Restructuring plans	322	335
Other provisions	1,957	2,079
Subtotal	16,114	14,667
Deposits retained for reinsurance ceded	2,443	2,568
Derivative financial instruments used for hedging that meet the criteria for hedge accounting, and firm commitments[1]	532	330
Financial liabilities for puttable financial instruments	2,073	1,993
Lease liabilities[2]	2,791	-
Other liabilities	9,439	7,855
Total[3]	**47,904**	**40,232**

1_Mainly level 2 for fair value measurement.
2_For further information regarding the first application of IFRS 16, please refer to note 2.
3_Includes other liabilities due within one year of € 31,982 mn (2018: € 27,001 mn).

18 _ Certificated and subordinated liabilities

Certificated and subordinated liabilities

€ mn[1]

	Contractual maturity date			As of 31 December 2019	As of 31 December 2018
	Up to 1 year	1 - 5 years	Over 5 years		
Senior bonds					
Fixed rate[2]	750	2,243	4,590	7,583	7,533
Contractual interest rate	0.00%	2.42%	2.09%		
Floating rate	502	-	-	502	504
Current interest rate	0.17%	-	-		
Money market securities					
Fixed rate	1,124	-	-	1,124	1,163
Contractual interest rate	1.50%	-	-		
Total certificated liabilities	**2,376**	**2,243**	**4,590**	**9,209**	**9,199**
Subordinated bonds					
Fixed rate	-	-	3,023	3,023	2,981
Contractual interest rate	-	-	4.75%		
Floating rate[3]	-	-	10,170	10,170	10,449
Current interest rate	-	-	3.99%		
Hybrid equity[4]					
Floating rate	-	-	45	45	45
Current interest rate	-	-	1.09%		
Total subordinated liabilities	**-**	**-**	**13,238**	**13,238**	**13,475**

1_Except for interest rates. Interest rates represent the weighted average.
2_Includes the issuance of two € 0.75 bn certificated bonds in the first quarter of 2019 and the redemption of a € 1.5 bn certificated bond in the third quarter of 2019.
3_Includes a € 0.9 bn partial buyback and the redemption of CHF 0.5 bn subordinated bonds and the issuance of € 1.0 bn subordinated bonds in the third quarter of 2019.
4_Relates to hybrid equity issued by subsidiaries.

Bonds outstanding as of 31 December 2019
€ mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A180B72	2016	EUR	750	0.000	21 April 2020[1]
	DE000A19S4T0	2017	EUR	500	3-months Euribor + 50 bps	7 December 2020
	DE000A1G0RU9	2012	EUR	1,500	3.500	14 February 2022
	DE000A19S4U8	2017	EUR	750	0.250	6 June 2023
	DE000A2RWAX4	2019	EUR	750	0.875	15 January 2026
	DE000A19S4V6	2017	EUR	750	0.875	6 December 2027
	DE000A1HG1K6	2013	EUR	750	3.000	13 March 2028
	DE000A2RWAY2	2019	EUR	750	1.500	15 January 2030
	DE000A180B80	2016	EUR	750	1.375	21 April 2031
	DE000A1HG1L4	2013	GBP	750	4.500	13 March 2043
Subordinated liabilities						
Allianz SE, Munich	DE000A1RE1Q3	2012	EUR	1,500	5.625	17 October 2042
	DE000A14J9N8	2015	EUR	1,500	2.241	7 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	6 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	DE000A2YPFA1	2019	EUR	1,000	1.301	25 September 2049
	XS0857872500	2012	USD	1,000	5.500	Perpetual bond
	DE000A1YCQ29	2013	EUR	1,500	4.750	Perpetual bond
	DE000A13R7Z7	2014	EUR	1,500	3.375	Perpetual bond
	XS1485742438	2016	USD	1,500	3.875	Perpetual bond
Allianz Finance II B.V., Amsterdam	DE000A1GNAH1	2011	EUR	1,096	5.750	8 July 2041
	DE000A0GNPZ3	2006	EUR	800	5.375	Perpetual bond

1_On 7 January 2020, Allianz Finance II B.V. called for redemption the certificated liability in accordance with the terms and conditions of the bond. The bond was redeemed on 21 January 2020.

19 _ Equity

Equity
€ mn

As of 31 December	2019	2018
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1]	29,577	27,967
Foreign currency translation adjustments	(2,195)	(2,607)
Unrealized gains and losses (net)[2]	17,691	6,945
Subtotal	74,002	61,232
Non-controlling interests	3,363	2,447
Total	**77,364**	**63,679**

1_As of 31 December 2019, include € (55) mn (2018: € (84) mn) related to treasury shares.
2_As of 31 December 2019, include € 415 mn (2018: € 267 mn) related to cash flow hedges.

ISSUED CAPITAL

Issued capital as of 31 December 2019 amounted to € 1,170 mn, divided into 417,172,859 fully paid registered shares. The shares have no-par value but a mathematical per-share value as a proportion of the issued capital.[1]

1_Mathematical per-share value € 2.80 (rounded).

AUTHORIZED CAPITAL

As of 31 December 2019, Allianz SE had authorized capital with a notional amount of € 335 mn for the issuance of new shares until 8 May 2023 (Authorized Capital 2018/I). The shareholders' subscription rights can be excluded for capital increases against contribution in kind. For a capital increase against contributions in cash, the shareholders' subscription rights can be excluded: (i) for fractional amounts, (ii) if the issue price is not significantly below the market price and the shares issued under exclusion of the subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act (Aktiengesetz) do not exceed 10 % of the share capital, and (iii) to the extent necessary to grant a subscription right for new shares to the holders of bonds that carry conversion or option rights or provide for mandatory conversion. The subscription rights for new shares from the Authorized Capital 2018/I and the Conditional Capital 2010/2018 may only be excluded for the proportionate amount of the share capital of up to € 117 mn (corresponding to 10 % of the share capital at year-end 2019).

In addition, Allianz SE has authorized capital (Authorized Capital 2018/II) for the issuance of new shares against contributions in cash until 8 May 2023. The shareholders' subscription rights are excluded. The new shares may only be offered to employees of Allianz SE and its Group companies. As of 31 December 2019, the Authorized Capital 2018/II amounted to € 15 mn.

CONDITIONAL CAPITAL

As of 31 December 2019, Allianz SE had conditional capital totaling € 250 mn (Conditional Capital 2010/2018). This conditional capital increase will only be carried out if conversion or option rights attached to convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments which Allianz SE or its Group companies have issued against cash payments according to the resolutions of the Annual General Meeting (AGM) on 5 May 2010 or 9 May 2018, are exercised or the conversion obligations under such bonds are fulfilled, and only to the extent that the conversion or option rights or conversion obligations are not serviced through treasury shares or through shares from authorized capital.

Convertible subordinated notes totaling € 500 mn, which may be converted into Allianz shares, were issued against cash in July 2011. Within 10 years after the issuance a mandatory conversion of the notes into Allianz shares at the then prevailing share price may apply if certain events occur, subject to a floor price of at least € 74.90 per share. Within the same period, investors have the right to convert the notes into Allianz shares at a price of € 187.26 per share. Both conversion prices are as of inception and subject to anti-dilution provisions. The subscription rights of shareholders for these convertible notes have been excluded with the consent of the Supervisory Board and pursuant to the authorization of the AGM on 5 May 2010. The granting of new shares to persons entitled under such convertible notes is secured by the Conditional Capital 2010/2018. On or before 31 December 2019, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

Number of issued shares outstanding

	2019	2018
Number of issued shares outstanding as of 1 January	423,498,025	438,879,929
Changes in number of treasury shares	365,959	408,081
Cancellation of issued shares	(7,286,802)	(15,789,985)
Number of issued shares outstanding as of 31 December	416,577,182	423,498,025
Treasury shares[1]	595,677	961,636
Total number of issued shares	**417,172,859**	**424,459,661**

1_Thereof 595,677 (2018: 961,636) own shares held by Allianz SE.

PROPOSAL FOR APPROPRIATION OF NET EARNINGS

The Board of Management and the Supervisory Board propose that the net earnings ("Bilanzgewinn") of Allianz SE of € 4,480,281,669.73 for the 2019 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 9.60 per no-par share entitled to a dividend: € 3,999,140,947.20
- Unappropriated earnings carried forward: € 481,140,722.53

The proposal for appropriation of net earnings reflects the 595,677 treasury shares held directly and indirectly by the company as of 31 December 2019. Such treasury shares are not entitled to the dividend pursuant to §71b of the German Stock Corporation Act (AktG). Should there be any change in the number of shares entitled to the dividend by the date of the Annual General Meeting, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the Annual General Meeting, with an unchanged dividend of € 9.60 per each share entitled to dividend.

TREASURY SHARES

As of 31 December 2019, Allianz SE held 595,677 (2018: 961,636) treasury shares. Of these, 395,677 (2018: 761,636) were held for covering future subscriptions by employees in Germany and abroad in the context of Employee Stock Purchase Plans, whereas 200,000 (2018: 200,000) were held as a hedge for obligations from the Allianz Equity Incentive Program.

In 2019, 365,959 (2018: 407,495) treasury shares were sold to employees of Allianz SE and its subsidiaries in Germany and abroad in the context of the Employee Stock Purchase Plan. These shares were taken from the stock of treasury shares dedicated to this purpose. In 2019, as in the previous year, no capital increase for the purpose of Employee Stock Purchase Plans was undertaken. Employees of the Allianz Group purchased approximately 75 % of these shares at a reference price of € 210.21 per share and were allocated one additional share per three shares purchased, which is equivalent to a discount of approximately 25 %. The shares were sold to employees at prices between € 157.66 and € 161.59 (2018: between € 137.57 and € 153.94). As of 31 December 2019, the remaining treasury shares of Allianz SE held for covering subscriptions by employees in the context of the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in Germany and abroad amounted to 395,677 shares.

In the year ending 31 December 2019, the total number of treasury shares of Allianz SE decreased by 365,959 (2018: decrease of 407,495), which corresponds to € 1,026,295.80 (2018: € 1,123,161.03) or 0.09 % (2018: 0.10 %) of issued capital as of 31 December 2019.

The treasury shares of Allianz SE and its subsidiaries represented € 1.7 mn (2018: € 2.7 mn) or 0.14 % (2018: 0.23 %) of the issued capital as of 31 December 2019.

SHARE BUY-BACK PROGRAM 2019

In its meeting on 14 February 2019, the Board of Management of Allianz SE resolved to carry out a share buy-back program in an amount of up to € 1.5 bn within a period between 1 March 2019 and 31 December 2019 (Share Buy-Back Program 2019) based on the authorization granted by the Annual General Meeting on 9 May 2018. In the period between 4 March 2019 and 30 July 2019, a total of 7,286,802 treasury shares with a market value of € 1,499,999,871.33 were acquired for an average price of € 205.85.

All of the treasury shares acquired within the Share Buy-Back Program 2019 have been redeemed according to the simplified procedure without reduction of the share capital.

NON-CONTROLLING INTERESTS

Non-controlling interests
€ mn

As of 31 December	2019	2018
Unrealized gains and losses (net)	326	61
Share of earnings	387	241
Other equity components	2,649	2,145
Total	**3,363**	**2,447**

CAPITAL REQUIREMENTS

The Allianz Group's capital requirements primarily depend on the type of business that it underwrites, the industry and geographic locations in which it operates, and the allocation of the Allianz Group's investments. During the Allianz Group's annual planning and strategic dialogs with its related undertakings, internal capital requirements are determined through business plans regarding the levels and timing of capital expenditures and investments. These plans also form the basis for the Allianz Group's capital management. Resilience under stress conditions is also considered when determining the internal capital requirements of the Group. The regulators impose minimum capital requirements on the Group and its related undertakings. For further details on how Allianz Group manages its capital, please refer to the section "Target and strategy of risk management" of the Risk and Opportunity Report.

With Solvency II being the regulatory regime relevant for the Group as of 1 January 2016, the risk profile is measured and steered based on the approved Solvency II internal model[1]. The Allianz Group has introduced a target Solvency ratio in accordance with Solvency II, based on pre-defined stress scenarios for both the Group and related undertakings, supplemented by ad-hoc scenarios, historical and reverse stress tests, and sensitivity analyses.

The Allianz Group's Own Funds are composed of the eligible Own Funds relating to the Group of internal model and standard formula entities, the sectoral Own Funds of entities from other financial sectors, as well as the equivalent Own Funds of entities included via the deduction and aggregation (D&A) method. The eligible Own Funds relating to the Group of internal model and standard formula entities essentially consist of the MVBS excess of assets over liabilities plus qualifying subordinated liabilities, less deductions for foreseeable dividends as well as further deductions relating for example, to tier limits or transferability restrictions.

Compared to year-end 2018, the Solvency II capitalization ratio decreased by 17%-p to 212% (2018: 229 %) as the increase in Solvency II capital requirement was only partially offset by the increase in Own Funds. Over the course of the year, Solvency II earnings combined with business growth had a positive impact on the Solvency II capitalization. This was supported by management actions such as asset de-risking and mitigating measures that improved the interest rate risk profile in the current low interest rate environment. However, the positive effects were partly offset by capital management activities such as the share buy-back program and the dividend accrual as well as acquisition of shares of Taikang and businesses of LV General Insurance Group and Legal & General Insurance Limited. Unfavorable market developments – predominantly characterized by lower interest rates – as well as regulatory and model changes also contributed to the reduction of the Solvency II ratio. Additional impacts such as taxes, changes in transferability restrictions, and diversification effects were broadly offsetting. For further information on Solvency II capitalization, please refer to the section "Solvency II regulatory capitalization" of the Risk and Opportunity Report.

The Allianz Group is a financial conglomerate within the scope of the Financial Conglomerates Directive (FCD). The FCD does not impose a materially different capital requirement on Allianz Group compared to Solvency II.

The Allianz Group's insurance subsidiaries (including Allianz SE) prepare individual financial statements based on local laws and regulations. The local regulations establish additional restrictions on the minimum level of capital and the amount of dividends that may be paid to shareholders. The respective local minimum capital requirements are based on various criteria including, but not limited to, the volume of premiums written or claims paid, amount of insurance reserves, investment risks, mortality risks, credit risks, and underwriting risks.

As of 31 December 2019, the Allianz Group believes that there are no outstanding regulatory capital or compliance matters that would have materially adverse effects on the financial position or the results of operations of the Allianz Group.

Some insurance subsidiaries of the Allianz Group are subject to regulatory restrictions on the amount of dividends that can be remitted to Allianz SE without prior approval by the appropriate regulatory body. Such restrictions require that a company may only pay dividends up to an amount in excess of certain regulatory capital levels, or based on the levels of undistributed earned surplus or current year income or a percentage thereof. The Board of Management of the Allianz Group believes that these restrictions will not affect the ability of Allianz SE to pay dividends to its shareholders in the future.

1_From a formalistic perspective, the German Supervisory Authority deems the model to be "partial" because not all entities are using the internal model. Some of the smaller entities report under the standard formula and others under the deduction and aggregation approach. Without loss of generality,the term internal model might be used in the following chapters, e.g., in case descriptions also referring to entities that use the internal model, or descriptions focusing on processes with respect to the internal model components.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

20 _ Premiums earned (net)

Premiums earned (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2019				
Premiums written				
Gross	57,210	25,820	(111)	82,919
Ceded	(5,056)	(602)	111	(5,547)
Net	52,154	25,218	-	77,372
Change in unearned premiums (net)	(826)	(632)	-	(1,458)
Premiums earned (net)	**51,328**	**24,586**	**-**	**75,914**
2018				
Premiums written				
Gross	53,636	24,315	(127)	77,824
Ceded	(4,683)	(585)	127	(5,141)
Net	48,952	23,730	-	72,682
Change in unearned premiums (net)	(647)	(563)	-	(1,211)
Premiums earned (net)	**48,305**	**23,167**	**-**	**71,472**

21 _ Interest and similar income

Interest and similar income
€ mn

	2019	2018
Dividends from available-for-sale investments	2,405	2,590
Interest from available-for-sale investments	13,936	13,370
Interest from loans to banks and customers	3,879	3,831
Rent from real estate held for investment	929	892
Other	1,283	934
Total	**22,433**	**21,616**

22 _ Income from financial assets and liabilities carried at fair value through income (net)

Income from financial assets and liabilities carried at fair value through income (net)
€ mn

	2019	2018
Income from financial assets and liabilities held for trading (net)	(2,709)	(4,372)
Income from financial assets and liabilities designated at fair value through income (net)	557	(485)
Income from financial liabilities for puttable financial instruments (net)	(199)	344
Foreign currency gains and losses (net)[1]	741	1,212
Total	**(1,609)**	**(3,301)**

1_These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income.

23 _ Realized gains/losses (net)

Realized gains/losses (net)
€ mn

	2019	2018
REALIZED GAINS		
Available-for-sale investments		
Equity securities	3,104	3,617
Debt securities	4,467	3,166
Subtotal	7,571	6,783
Other	869	857
Subtotal	8,440	7,640
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(444)	(586)
Debt securities	(539)	(815)
Subtotal	(983)	(1,402)
Other	(181)	(142)
Subtotal	(1,163)	(1,543)
Total	**7,276**	**6,096**

24 _ Fee and commission income

Fee and commission income
€ mn

	2019	2018
PROPERTY-CASUALTY		
Fees from credit and assistance business	1,568	1,379
Service agreements	378	386
Subtotal	1,946	1,765
LIFE/HEALTH		
Investment advisory	1,450	1,418
Service agreements	185	130
Subtotal	1,635	1,548
ASSET MANAGEMENT		
Management and advisory fees	8,089	7,590
Loading and exit fees	405	411
Performance fees	490	419
Other	51	43
Subtotal	9,035	8,462
CORPORATE AND OTHER		
Service agreements	1,684	1,540
Investment advisory and banking activities	705	691
Subtotal	2,390	2,231
CONSOLIDATION	(2,709)	(2,472)
Total	**12,296**	**11,534**

25 _ Claims and insurance benefits incurred (net)

Claims and insurance benefits incurred (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2019				
Gross	(38,073)	(21,528)	69	(59,532)
Ceded	3,173	573	(65)	3,681
Net	**(34,900)**	**(20,956)**	**4**	**(55,851)**
2018				
Gross	(33,610)	(20,908)	60	(54,459)
Ceded	1,746	612	(56)	2,302
Net	**(31,864)**	**(20,296)**	**4**	**(52,157)**

26 _ Change in reserves for insurance and investment contracts (net)

Change in reserves for insurance and investment contracts (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2019				
Gross	(466)	(13,559)	29	(13,997)
Ceded	1	270	-	271
Net	**(465)**	**(13,289)**	**29**	**(13,726)**
2018				
Gross	(243)	(9,607)	(77)	(9,927)
Ceded	9	235	(1)	243
Net	**(235)**	**(9,372)**	**(78)**	**(9,684)**

27 _ Interest expenses

Interest expenses
€ mn

	2019	2018
Liabilities to banks and customers	(120)	(91)
Deposits retained for reinsurance ceded	(78)	(49)
Certificated liabilities	(217)	(240)
Subordinated liabilities	(595)	(606)
Other	(99)	(49)
Total	**(1,110)**	**(1,035)**

28 _ Impairments of investments (net)

Impairments of investments (net)
€ mn

	2019	2018
Impairments		
Available-for-sale investments		
Equity securities	(1,192)	(2,799)
Debt securities	(363)	(340)
Subtotal	(1,555)	(3,139)
Other	(275)	(34)
Non-current assets and assets of disposal groups classified as held for sale	(10)	(12)
Subtotal	(1,839)	(3,185)
Reversals of impairments	15	33
Total	**(1,824)**	**(3,152)**

29 _ Investment expenses

Investment expenses
€ mn

	2019	2018
Investment management expenses	(805)	(732)
Expenses from real estate held for investment	(403)	(376)
Expenses from fixed assets from alternative investments	(286)	(225)
Total	**(1,494)**	**(1,333)**

30 _ Acquisition and administrative expenses (net)

Acquisition and administrative expenses (net)
€ mn

	2019	2018
PROPERTY-CASUALTY		
Acquisition costs[1]	(10,801)	(10,317)
Administrative expenses	(3,318)	(3,225)
Subtotal	(14,119)	(13,542)
LIFE/HEALTH		
Acquisition costs	(4,624)	(3,833)
Administrative expenses	(1,825)	(1,802)
Subtotal	(6,449)	(5,635)
ASSET MANAGEMENT		
Personnel expenses	(2,774)	(2,542)
Non-personnel expenses[2]	(1,710)	(1,660)
Subtotal	(4,483)	(4,202)
CORPORATE AND OTHER		
Administrative expenses	(1,134)	(1,171)
Subtotal	(1,134)	(1,171)
CONSOLIDATION	(61)	(50)
Total	**(26,247)**	**(24,600)**

1_Include € 699 mn (2018: € 559 mn) ceded acquisition costs.
2_For the year ended 31 December 2019 include € 95 mn changes in assets and € (95) mn changes in liabilities related to certain deferred compensation programs, entirely offsetting each other.

31 _ Fee and commission expenses

Fee and commission expenses
€ mn

	2019	2018
PROPERTY-CASUALTY		
Fees from credit and assistance business	(1,550)	(1,328)
Service agreements	(337)	(332)
Subtotal	(1,888)	(1,660)
LIFE/HEALTH		
Investment advisory	(683)	(672)
Service agreements	(111)	(70)
Subtotal	(795)	(742)
ASSET MANAGEMENT		
Commissions	(1,843)	(1,737)
Other	(21)	(13)
Subtotal	(1,864)	(1,749)
CORPORATE AND OTHER		
Service agreements	(1,719)	(1,759)
Investment advisory and banking activities	(387)	(375)
Subtotal	(2,106)	(2,134)
CONSOLIDATION	2,143	1,983
Total	**(4,509)**	**(4,302)**

32 _ Income taxes

Income taxes
€ mn

	2019	2018
Current income taxes	(3,006)	(1,993)
Deferred income taxes	230	(703)
Total	**(2,776)**	**(2,696)**

During the year ended 31 December 2019, current income taxes included expenses of € 149 mn (2018: income of € 329 mn) related to prior years, deferred income taxes included income of € 102 mn (2018: expenses of € 239 mn) related to prior years.

Of the deferred income taxes for the year ended 31 December 2019, income of € 326 mn (2018: expenses of € 566 mn) is attributable to the recognition of deferred taxes on temporary differences, and expenses of € 93 mn (2018: € 145 mn) are attributable to tax losses carried forward. Changes of applicable tax rates due to changes in tax law lead to deferred tax expenses of € 3 mn (2018: income of € 8 mn).

For the years ended 31 December 2019 and 2018, the income taxes relating to components of other comprehensive income consist of the following:

Income taxes relating to components of other comprehensive income
€ mn

	2019	2018
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	98	134
Available-for-sale investments	(2,923)	1,513
Cash flow hedges	(57)	4
Share of other comprehensive income of associates and joint ventures	14	(10)
Miscellaneous	37	42
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	411	(73)
Total	**(2,421)**	**1,609**

The recognized income taxes for the year ended 31 December 2019 are € 47 mn below (2018: € 100 mn above) the calculated income taxes, which are determined by multiplying the respective income before income taxes with the applicable country-specific tax rates. The following table shows the reconciliation from the calculated income taxes to the effectively recognized income taxes for the Allianz Group. The Allianz Group's reconciliation is a summary of the individual company-related reconciliations, which are based on the respective country-specific tax rates taking into consideration consolidation effects with an impact on the Group result. The applicable tax rate used in the reconciliation for domestic Allianz Group companies includes corporate tax, trade tax, and the solidarity surcharge, and amounted to 31.0 % (2018: 31.0 %). The applied weighted income tax rate for the Group considers tax rates on income of foreign Allianz Group companies.

The effective tax rate is determined on the basis of the effective income tax expenses on income before income taxes.

Effective tax rate
€ mn

	2019	2018
Income before income taxes	11,077	10,399
Applied weighted income tax rate	25.5%	25.0%
Calculated income taxes	**2,823**	**2,596**
Trade tax and similar taxes	223	220
Net tax-exempt income	(389)	(198)
Effects of tax losses	21	-
Other effects	98	77
Effective income taxes	**2,776**	**2,696**
Effective tax rate	**25.1%**	**25.9%**

For the year ended 31 December 2019, the write-down of deferred taxes on tax losses increased the tax expenses by € 137 mn (2018: € 14 mn). The reversal of write-down of deferred tax assets on tax losses carried forward resulted in deferred tax income of € 66 mn (2018: € 4 mn). Due to the use of tax losses carried forward, for which deferred tax assets had previously been written off, the current income tax expenses decreased by € 1 mn (2018: € 1 mn). Deferred tax income increased by € 48 mn (2018: € 9 mn) due to the use of tax losses carried forward, for which deferred tax assets had previously been written off. The above-mentioned effects are shown in the reconciliation statement as "effects of tax losses".

The reconciling item "other effects" includes expenses of € 29 mn (2018: € 6 mn) related to the write-down of deferred tax assets on temporary differences and tax credits. Deferred tax income increased by € 12 mn (2018: € 23 mn) due to the reversal of write-down of deferred tax assets on temporary differences and tax credits.

The tax rates used in the calculation of the Allianz Group's deferred taxes are the applicable national rates, which in 2019 ranged from 10.0% to 40.0%, with changes to tax rates that had already been adopted in Argentina, France, Greece, Luxembourg, Netherlands, Slovakia and Switzerland by 31 December 2019 taken into account.

Deferred tax assets on losses carried forward are recognized to the extent to which it is more likely than not that sufficient future taxable profits will be available for realization. Entities which suffered a tax loss in either the current or the preceding period recognized deferred tax assets in excess of deferred tax liabilities amounting to € 646 mn (2018: € 525 mn), as there was convincing other evidence that sufficient future taxable profit will be available.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities
€ mn

As of 31 December	2019	2018
DEFERRED TAX ASSETS		
Financial assets carried at fair value through income	24	40
Investments	12,423	11,574
Deferred acquisition costs	1,593	623
Other assets	1,207	1,281
Intangible assets	168	80
Tax losses carried forward	1,724	1,775
Insurance reserves	38,529	27,268
Pensions and similar obligations	4,997	4,158
Other liabilities	1,942	1,166
Total deferred tax assets	62,607	47,963
Non-recognition or valuation allowance for deferred tax assets on tax losses carried forward	(742)	(720)
Effect of netting	(60,732)	(46,285)
Net deferred tax assets	**1,133**	**959**
DEFERRED TAX LIABILITIES		
Financial assets carried at fair value through income	519	269
Investments	35,154	23,263
Deferred acquisition costs	7,245	6,944
Other assets	1,695	901
Intangible assets	770	692
Insurance reserves	18,420	15,245
Pensions and similar obligations	2,903	2,490
Other liabilities	564	561
Total deferred tax liabilities	67,269	50,364
Effect of netting	(60,732)	(46,285)
Net deferred tax liabilities	**6,538**	**4,080**
Net deferred tax assets (liabilities)	**(5,405)**	**(3,121)**

Taxable temporary differences associated with investments in Allianz Group companies for which no deferred tax liabilities are recognized, as the Allianz Group is able to control the timing of their reversal, and which will not reverse in the foreseeable future, amounted to € 1,951 mn (2018: € 1,844 mn). Deductible temporary differences arising from investments in Allianz Group companies for which no deferred tax assets are recognized, as it is not probable that they will reverse in the foreseeable future, amounted to € 68 mn (2018: € 92 mn).

TAX LOSSES CARRIED FORWARD

Tax losses carried forward at 31 December 2019 of € 7,379 mn (2018: € 7,531 mn) resulted in the recognition of deferred tax assets to the extent that there is sufficient certainty that the unused tax losses will be utilized. At the reporting date, this prerequisite was not fulfilled for a partial amount of € 2,803 mn (2018: € 2,737 mn). According to tax legislation as of 31 December 2019, an amount of € 2,510 mn (2018: € 2,514 mn) of these tax losses may be carried forward indefinitely and in unlimited amounts, whereas an amount of € 293 mn (2018: € 224 mn) of these tax losses carried forward will expire over the next 20 years if not utilized.

Tax losses carried forward are scheduled according to their expiry periods as follows:

Tax losses carried forward
€ mn

	2019
2020	38
2021-2022	100
2023-2024	46
2025-2029	604
>10 years	689
Unlimited	5,902
Total	**7,379**

OTHER INFORMATION

33 _ Derivative financial instruments

Derivative financial instruments
€ mn

As of 31 December	2019						2018		
	Maturity by notional amount			Notional principal amounts	Positive fair values	Negative fair values	Notional principal amounts	Positive fair values	Negative fair values
	Up to 1 year	1 - 5 years	Over 5 years						
Interest rate contracts	21,825	20,845	76,049	118,719	1,199	(163)	96,502	607	(126)
Equity/index contracts	346,881	969	12,416	360,266	5,599	(17,767)	242,632	2,152	(11,169)
Foreign exchange contracts	90,617	2,689	1,739	95,045	765	(646)	74,249	432	(624)
Other	1,489	5,144	764	7,397	23	(5)	5,329	27	(35)
Total	**460,812**	**29,647**	**90,968**	**581,427**	**7,586**	**(18,581)**	**418,712**	**3,218**	**(11,954)**
thereof OTC[1]	361,454	29,324	90,968	481,746	7,284	(18,517)	351,551	2,033	(11,921)
thereof exchange-traded	99,358	323	-	99,681	302	(64)	67,161	1,185	(33)

1_Consists mainly of equity/index contracts and foreign exchange contracts.

The table shows the fair value and notional amounts of all freestanding derivatives, as well as derivatives for which hedge accounting is applied by the Allianz Group, as of 31 December 2019 and 2018, respectively. The notional principal amounts indicated in the table are cumulative, as they include the absolute value of the notional principal amounts of derivatives with positive and negative fair values. Although these notional principal amounts reflect the degree of the Allianz Group's involvement in derivative transactions, they do not represent amounts exposed to risk. Further information on the use of derivatives to hedge risk can be found in the sections on market and credit risk of the Risk and Opportunity Report, which forms part of the Group Management Report.

FREESTANDING DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2019, freestanding derivatives, which are included in the line item financial assets and liabilities held for trading, had a notional principal amount of € 560.3 bn (2018: € 398.0 bn) as well as a positive fair value of € 6.9 bn (2018: € 2.7 bn) and a negative fair value of € 18.0 bn (2018: € 11.6 bn). Out of the total allocated to the freestanding derivatives, € 119.9 bn (2018: € 114.1 bn) of the notional principal relate to annuity products. Annuity products are equity-indexed or contain certain embedded options or guarantees which are considered embedded derivatives under IAS 39. For these embedded derivatives, the notional principal amounts included in the table refer to the account value of the related insurance contracts. The total negative fair value of these embedded derivatives amounts to € 13.5 bn (2018: € 10.0 bn). Further information on the fair value measurement of these derivatives can be found in note 34.

DERIVATIVE FINANCIAL INSTRUMENTS USED IN ACCOUNTING HEDGES

As of 31 December 2019, derivatives which form part of hedge accounting relationships, and which are included in the line items other assets and other liabilities, had a notional amount of € 21.1 bn (2018: € 20.7 bn) as well as a positive fair value of € 702 mn (2018: € 489 mn) and a negative fair value of € 532 mn (2018: € 330 mn). These hedging instruments mainly include interest rate forwards with a total positive fair value of € 374 mn (2018: € 193 mn).

FAIR VALUE HEDGES

The Allianz Group uses fair value hedges to hedge the exposure to changes in the fair value of financial assets due to movements in interest or exchange rates and to hedge its equity portfolio against equity market risk. As of 31 December 2019, the derivative financial instruments used for the related fair value hedges of the Allianz Group had a total negative fair value of € 24 mn (2018: total positive fair value of € 149 mn).

CASH FLOW HEDGES

During the year ended 31 December 2019, cash flow hedges were used to hedge the exposure to the variability of cash flows arising from interest rate or exchange rate fluctuations as well as inflation. As of 31 December 2019, the derivative instruments utilized had a total positive fair value of € 503 mn (2018: € 202 mn).

The ineffectiveness that arises from cash flow hedges is immaterial.

HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

As of 31 December 2019, the Allianz Group hedges part of its foreign currency net investments through the issuance of several foreign currency denominated liabilities and the use of forward sales. The total negative fair value in 2019 was € 310 mn (2018: € 191 mn).

OFFSETTING

The Allianz Group enters into enforceable master netting arrangements and similar arrangements mainly for derivatives transactions. None of these enforceable master netting arrangements or similar arrangements meet the requirements for offsetting in line with IAS 32.

Credit risk associated with netting arrangements is further mitigated by collateral. For further information on collateral, please refer to note 34. The maximum credit risk exposure is represented by the carrying amount of the financial assets.

34 _ Fair values and carrying amounts of financial instruments

Certain risk disclosure requirements of IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Risk based steering and risk management,
- Internal risk capital framework,
- Allianz risk profile and management assessment,
- Market risk, credit risk, and liquidity risk in the section Quantifiable risks and opportunities by risk category.

FAIR VALUES AND CARRYING AMOUNTS

The following table compares the carrying amount and fair value of the Allianz Group's financial assets and financial liabilities:

Fair values and carrying amounts of financial instruments
€ mn

As of 31 December	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	21,075	21,075	17,234	17,234
Financial assets held for trading	7,566	7,566	3,353	3,353
Financial assets designated at fair value through income	5,620	5,620	4,258	4,258
Available-for-sale investments	593,178	593,178	520,612	520,612
Held-to-maturity investments	2,589	2,887	2,787	2,973
Investments in associates and joint ventures	13,462	16,754	11,823	15,284
Real estate held for investment	13,049	23,463	12,455	21,545
Loans and advances to banks and customers	112,672	131,216	108,270	121,839
Financial assets for unit-linked contracts	132,168	132,168	115,361	115,361
FINANCIAL LIABILITIES				
Financial liabilities held for trading	18,049	18,049	11,626	11,626
Liabilities to banks and customers	13,445	13,475	14,222	14,235
Financial liabilities for unit-linked contracts	132,168	132,168	115,361	115,361
Financial liabilities for puttable financial instruments	2,073	2,073	1,993	1,993
Certificated liabilities	9,209	10,375	9,199	9,830
Subordinated liabilities	13,238	14,334	13,475	13,897

As of 31 December 2019, fair values could not reliably be measured for equity investments with carrying amounts totaling € 81 mn (2018: € 61 mn). These investments are primarily investments in privately held corporations and partnerships. During the year ended 31 December 2019, such investments with carrying amounts of € 61 mn (2018: € 119 mn) were sold. The gains and losses from these disposals were immaterial.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts, and
- Financial liabilities for puttable financial instruments.

The following table presents the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheet as of 31 December 2019 and 2018:

Fair value hierarchy (items carried at fair value)
€ mn

As of 31 December	2019				2018			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets carried at fair value through income								
Financial assets held for trading	394	7,099	73	7,566	1,341	1,888	123	3,353
Financial assets designated at fair value through income	3,740	1,723	158	5,620	3,112	985	161	4,258
Subtotal	4,133	8,822	231	13,187	4,453	2,874	284	7,611
Available-for-sale investments								
Corporate bonds	11,645	230,327	26,391	268,363	11,821	209,461	19,910	241,192
Government and government agency bonds	17,836	204,721	843	223,400	18,234	178,530	766	197,531
MBS/ABS	46	28,154	253	28,453	45	23,807	183	24,035
Other	1,102	1,123	5,932	8,156	826	1,075	4,540	6,442
Equity securities	45,755	878	18,173	64,805	37,163	655	13,595	51,413
Subtotal	76,384	465,203	51,591	593,178	68,089	413,529	38,994	520,612
Financial assets for unit-linked contracts	103,695	27,314	1,159	132,168	90,856	23,676	829	115,361
Total	**184,212**	**501,338**	**52,982**	**738,532**	**163,398**	**440,078**	**40,107**	**643,583**
FINANCIAL LIABILITIES								
Financial liabilities held for trading	130	4,832	13,087	18,049	36	1,568	10,023	11,626
Financial liabilities for unit-linked contracts	103,695	27,314	1,159	132,168	90,856	23,676	829	115,361
Financial liabilities for puttable financial instruments	1,674	85	314	2,073	1,665	108	221	1,993
Total	**105,499**	**32,231**	**14,561**	**152,290**	**92,556**	**25,351**	**11,073**	**128,980**

1_Quoted prices in active markets.
2_Market observable inputs.
3_Non-market observable inputs.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets held for trading

This position mainly includes derivative financial instruments. The fair value of these derivatives is mostly determined based on the income approach, using present value techniques and the Black-Scholes-Merton model. Primary inputs for the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals. In some cases, it is determined based on the market approach.

Financial assets designated at fair value through income

The fair value is mainly determined based on net asset values for funds and using the market approach.

AVAILABLE-FOR-SALE INVESTMENTS

Debt securities

Debt securities include corporate and government and government agency bonds, MBS/ABS, and other debt securities.

The valuation techniques for these debt securities are similar. The fair value is determined using the market and the income approach. Primary inputs for the market approach are quoted prices for identical or comparable assets in active markets where comparability between the security and the benchmark defines the fair value level. The income approach in most cases means that a present value technique is applied where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Level 3 investments are mainly priced based on the income approach. The primary non-market observable input used in the discounted cash flow method is an option-adjusted spread taken from a set of benchmark securities with similar characteristics. A significant yield increased of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Equity securities

For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants.

Level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group, and in most cases are delivered as net asset values by the fund managers. These net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers hence a narrative sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS

For level 2, the fair value is determined using the market or the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

FINANCIAL LIABILITIES HELD FOR TRADING

This position mainly includes derivative financial instruments.

For level 2, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals, and credit spreads observable in the market.

For level 3, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models. A significant proportion of level 3 liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates. A significant decrease (increase) in surrender rates, in mortality rates, or in the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect. However, a 10% stress of the main non-market observable inputs has only immaterial impact on fair value.

Quantitative description of non-market observable input(s) used for the level 3 portfolios

Description	Non-market observable input(s)	Range
Fixed index annuities	Annuitizations	0% - 25 %
	Surrenders	0% - 25%
	Mortality	n/a[1]
	Withdrawal benefit election	0% - 50%
Variable annuities	Surrenders	0.5% - 35%
	Mortality	n/a[1]

1_Mortality assumptions are mainly derived from the Annuity 2000 Mortality Table.

FINANCIAL LIABILITIES FOR PUTTABLE FINANCIAL INSTRUMENTS

Financial liabilities for puttable financial instruments are generally required to be recorded at the redemption amount with changes recognized in income or equity. The fair value is based on the net asset value or the use of present value techniques.

SIGNIFICANT TRANSFERS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

In general, financial assets and liabilities are transferred from level 1 to level 2 when their liquidity, trade frequency, and activity are no longer indicative of an active market. The same policy applies conversely for transfers from level 2 to level 1.

Transfers into/out of level 3 may occur due to a reassessment of input parameters.

Reconciliation of level 3 financial instruments

The following tables show reconciliations of the financial instruments carried at fair value and classified as level 3:

Reconciliation of level 3 financial assets

€ mn

	Financial assets carried at fair value through income	Available-for-sale investments – Debt securities[1]	Available-for-sale investments – Equity securities	Financial assets for unit-linked contracts	Total
Carrying value (fair value) as of 1 January 2019	**284**	**25,399**	**13,595**	**829**	**40,107**
Additions through purchases and issues	16	6,832	5,567	318	12,733
Net transfers into (out of) level 3	(1)	427	(294)	(3)	129
Disposals through sales and settlements	(614)	(1,684)	(1,195)	(12)	(3,504)
Net gains (losses) recognized in consolidated income statement	527	(142)	9	37	431
Net gains (losses) recognized in other comprehensive income	-	2,065	1,026	-	3,091
Impairments	-	(27)	(360)	-	(387)
Foreign currency translation adjustments	20	241	62	(11)	313
Changes in the consolidated subsidiaries of the Allianz Group	-	306	(237)	-	68
Carrying value (fair value) as of 31 December 2019	**231**	**33,418**	**18,173**	**1,159**	**52,982**
Net gains (losses) recognized in consolidated income statement held at the reporting date	(49)	77	1	37	67

1_Primarily include corporate bonds.

Reconciliation of level 3 financial liabilities

€ mn

	Financial liabilities held for trading	Financial liabilities for unit-linked contracts	Financial liabilities for puttable financial instruments	Total
Carrying value (fair value) as of 1 January 2019	**10,023**	**829**	**221**	**11,073**
Additions through purchases and issues	1,228	318	104	1,650
Net transfers into (out of) level 3	-	(3)	-	(3)
Disposals through sales and settlements	(960)	(12)	(1)	(972)
Net losses (gains) recognized in consolidated income statement	2,614	37	-	2,651
Net losses (gains) recognized in other comprehensive income	-	-	-	-
Impairments	-	-	-	-
Foreign currency translation adjustments	182	(11)	-	171
Changes in the consolidated subsidiaries of the Allianz Group	-	-	(9)	(9)
Carrying value (fair value) as of 31 December 2019	**13,087**	**1,159**	**314**	**14,561**
Net losses (gains) recognized in consolidated income statement held at the reporting date	2,496	37	-	2,533

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment, or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 28.

FAIR VALUE INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

Fair value hierarchy (items not carried at fair value)
€ mn

As of 31 December	2019				2018			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Held-to-maturity investments	1,137	1,744	5	2,887	1,753	1,219	1	2,973
Investments in associates and joint ventures	1	661	16,092	16,754	2	185	15,097	15,284
Real estate held for investment	-	-	23,463	23,463	-	-	21,545	21,545
Loans and advances to banks and customers	6,493	66,708	58,015	131,216	6,333	66,911	48,595	121,839
Total	**7,631**	**69,113**	**97,575**	**174,320**	**8,088**	**68,315**	**85,238**	**161,641**
FINANCIAL LIABILITIES								
Liabilities to banks and customers	7,362	3,343	2,770	13,475	6,294	5,319	2,622	14,235
Certificated liabilities	-	10,191	184	10,375	-	9,652	178	9,830
Subordinated liabilities	-	14,334	-	14,334	-	13,897	-	13,897
Total	**7,362**	**27,868**	**2,954**	**38,184**	**6,294**	**28,869**	**2,799**	**37,962**

1_Quoted prices in active markets.
2_Market observable inputs.
3_Non-market observable inputs.

HELD-TO-MATURITY INVESTMENTS

For level 2 and level 3, the fair value is mainly determined based on the market approach using quoted market prices, and the income approach using deterministic discounted cash flow models.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

For level 2 and level 3, fair values are mainly based on an income approach, using a discounted cash flow method or net asset values as provided by third-party vendors.

REAL ESTATE HELD FOR INVESTMENT

Fair values are mostly determined using the market or the income approach. Valuation techniques applied for the market approach include market prices of identical or comparable assets in markets that are not active. The fair values are either calculated internally and validated by external experts, or derived from expert appraisals with internal controls in place to monitor these valuations.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

For loans and advances to banks and customers, quoted market prices are rarely available. Level 1 mainly consists of highly liquid advances, e.g. short-term investments. The fair value for these assets in level 2 and level 3 is mainly derived based on the income approach using deterministic discounted cash flow models.

LIABILITIES TO BANKS AND CUSTOMERS

Level 1 mainly consists of highly liquid liabilities, e.g. payables on demand. The fair value for liabilities in level 2 and level 3 is mainly derived based on the income approach, using future cash flows discounted with risk-specific interest rates. Main non-market observable inputs include credit spreads. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate of the fair value.

CERTIFICATED LIABILITIES AND SUBORDINATED LIABILITIES

For level 2, the fair value is mainly determined based on the market approach, using quoted market prices, and based on the income approach, using present value techniques. For level 3, fair values are mainly derived based on the income approach, using deterministic cash flows with credit spreads as primary non-market observable inputs. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

TRANSFERS OF FINANCIAL ASSETS

As of 31 December 2019, the Allianz Group substantially retained all the risks and rewards from the ownership of transferred assets. There have not been any transfers of financial assets that were derecognized in full or partly, in which Allianz continues to control the transferred assets. Transfers of financial assets mainly relate to securities lending and repurchase agreement transactions. Financial assets transferred in the context of repurchase agreement and securities lending transactions are mainly available-for-sale debt and equity securities for which substantially all of the risks and rewards are retained. As of 31 December 2019, the carrying amount of the assets transferred for securities lending transactions amounted to € 9,009 mn (2018: € 9,570 mn). For repurchase agreements, the carrying amount of the assets transferred amounted to € 910 mn (2018: € 857 mn) and the carrying amount of the associated liabilities amounted to € 914 mn (2018: € 865 mn).

ASSETS PLEDGED AS COLLATERAL

The carrying amounts of the assets pledged as collateral are displayed in the following table:

Assets pledged as collateral
€ mn

As of 31 December	2019	2018
Collaterals without right to resell or repledge		
Investments	11,450	10,096
Loans and advances to banks and customers	-	-
Other	5	5
Subtotal	11,455	10,101
Collaterals with right to resell or repledge		
Financial assets carried at fair value through income	-	-
Investments	4,224	5,308
Subtotal	4,224	5,308
Total	**15,679**	**15,409**

Financial assets are pledged as collateral as part of sales and repurchases, securities borrowing, and transactions with derivatives, under terms that are usual and customary for such activities.

In addition, as part of these transactions, the Allianz Group has received collateral that it is permitted to sell or repledge in the absence of default. As of 31 December 2019, the Allianz Group received collateral consisting of fixed income and equity securities with a fair value of € 8,972 mn (2018: € 9,261 mn), which the Allianz Group has the right to sell or repledge. For the years ended 31 December 2019 and 2018, no previously received collateral was sold or repledged by the Allianz Group.

35 _ Interests in unconsolidated structured entities

NATURE, PURPOSE, AND ROLE OF THE ALLIANZ GROUP IN STRUCTURED ENTITIES

Under IFRS 12, a structured entity is defined as an entity that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Allianz Group engages in some business activities that involve the use of entities that meet the above-mentioned definition of structured entities. Primarily, the Allianz Group is involved with such entities due to its investment activities associated with its insurance business and due to its asset management activities. Furthermore, structured entities are used by the Allianz Group to source out certain risks to investors as part of its reinsurance business. Generally, the classification of an entity as a structured entity may require significant judgement.

In the following sections, the business activities involving unconsolidated structured entities are described.

INVESTMENTS IN ASSET-BACKED SECURITIES (ABS) AND MORTGAGE-BACKED SECURITIES (MBS) ISSUED BY SECURITIZATION VEHICLES

The Allianz Group acts as investor in ABS- or MBS-issuing securitization vehicles which purchase pools of assets including commercial mortgage loans (CMBS), auto loans, credit card receivables, and others. These securitization vehicles refinance the purchase of assets by issuing tranches of ABS or MBS whose repayment is linked to the performance of the assets held by the vehicles.

Securitization vehicles invested in by the Allianz Group have generally been set up by third parties. Furthermore, the Allianz Group has neither transferred any assets to these vehicles nor has it provided any further credit enhancements to them.

Income derived from investments in securitization vehicles mainly includes interest income generated from ABS and MBS, as well as realized gains and losses from disposals of these securities.

Within the asset management business, the Allianz Group acts as asset manager for some securitization vehicles. The assets under management of these vehicles amounted to € 1,034 mn as of 31 December 2019 (2018: € 1,137 mn). Some of the affected vehicles have been set up by the Allianz Group, others by third parties. In this context, the role of the Allianz Group is limited to asset management. The Allianz Group has not invested in these vehicles being managed.

Income derived from the management of securitization vehicles comprises asset management fees.

INVESTMENTS IN INVESTMENT FUNDS

Considering the broad variety of investment funds across different jurisdictions, the classification of investment funds as structured entities based on the definition in IFRS 12 is judgmental. As a general rule, the management of relevant activities of an investment fund is delegated to the fund manager via asset management agreements. In contrast, influence from investors on the relevant activities of investment funds is usually either precluded by legal or regulatory provisions or not deemed substantial.

Investment funds are generally subject to stringent regulatory requirements from financial authorities in all jurisdictions across the world. Comprehensive regulation of funds protects fund investors and also helps to limit investment risk. These mechanisms result in a legal set-up of funds, agreed and accepted by investors and investment managers, that may lead to a classification as structured entities under IFRS 12.

With regard to investment activities, income mainly includes distributions from the funds as well as realized gains and losses from disposals.

FUND MANAGEMENT ACTIVITIES

Within the asset management business, investment funds are established and managed to accommodate retail and institutional clients' requirements to hold investments in specific assets, market segments, or regions. Within the insurance business, policyholder money is partly invested in investment funds, which include funds managed by Allianz's group-internal asset managers as well as funds set up and managed by third parties. Investment funds managed or invested in by Allianz Group may include mutual funds, special funds, and other funds.

Income derived from the management of investment funds mainly includes asset management fees and performance based fees.

Investment funds launched by group-internal asset managers can be considered to be sponsored by the Allianz Group. As a sponsor, the Allianz Group through its asset management subsidiaries is involved in the legal set-up and marketing of internally managed investment funds. This may include providing seed capital to the funds and providing administrative services to ensure the investment funds' operation. Investment funds managed by group-internal asset managers can be reasonably associated with the Allianz Group. The use of the Allianz name for investment funds is another indicator that the Allianz Group has acted as a sponsor for the respective funds. Information on the management fees generated in the asset management business are disclosed in note 24.

NATURE OF RISKS ASSOCIATED WITH UNCONSOLIDATED STRUCTURED ENTITIES

INTERESTS IN ASSET-BACKED SECURITIES (ABS) AND MORTGAGE-BACKED SECURITIES (MBS) ISSUED BY SECURITIZATION VEHICLES

Carrying amounts of ABS and MBS investments by type of category
€ mn

As of 31 December	2019	2018
CMBS	12,862	10,153
CMO/CDO	5,575	4,166
U.S. Agency	5,096	4,854
Auto	940	1,183
Credit Card	107	131
Other	4,279	3,725
Total[1,2]	**28,858**	**24,211**

1_Comprises mainly investments.
2_Thereof rated AAA or AA € 26,445 mn (2018: € 22,121 mn).

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 28,162 mn (2018: € 24,443 mn). This amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it intend to provide such support in the future.

INVESTMENTS IN INVESTMENT FUNDS

Investments in investment funds by asset class
€ mn

As of 31 December	2019	2018
Private equity funds	15,933	11,808
Debt funds	8,817	8,053
Property funds	7,132	5,716
Stock funds	5,417	4,013
Other funds	1,072	748
Total[1]	**38,372**	**30,339**

1_Comprises mainly investments.

Of the total investment fund exposure, investments of € 14.1 bn (2018: € 11.6 bn) relate to listed investment funds, whereas investments of € 24.2 bn (2018: € 18.8 bn) relate to unlisted investment funds.

As of the reporting date, the Allianz Group has receivables from unconsolidated investment funds, which are mainly due in return for asset management services, amounting to € 1,036 mn (2018: € 796 mn). Furthermore, the Allianz Group has entered commitments to invest in private equity funds and further financial instruments of up to € 20,691 mn as of 31 December 2019 (2018:€ 17,199 mn).

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 32,421 mn (2018: € 26,493 mn). This amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it have the intention to provide such support in the future.

Besides the above-mentioned investments in investment funds, the Allianz Group also holds investment funds to fund unit-linked insurance contracts. However, these holdings are held on behalf and for the benefit of unit-linked policyholders only. For that reason, these holdings are not included in the above-mentioned table. As of 31 December 2019, the volume of unit-linked assets amounted to € 132,168 mn (2018: € 115,361 mn). The maximum exposure to loss on these investments is covered by liabilities recorded for unit-linked contracts.

36 _ Related party transactions

The following table sets out the remuneration of the board members according to IAS 24.17:

Remuneration of the board members according to IAS 24.17
€ mn

As of 31 December	2019	2018
Short-term employee benefits	21	18
Post-employment benefits	5	4
Other long-term benefits	-	9
Share-based payment	20	8
Total	**45**	**39**

Further information on the remuneration of board members and transactions with these persons can be found in the Remuneration Report.

Transactions between Allianz SE and its subsidiaries that are to be deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Business relations with joint ventures and associates are set on an arm's length basis.

37 _ Litigation, guarantees, and other contingencies and commitments

LITIGATION

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of businesses, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management does not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial position and the results of operations of the Allianz Group, after consideration of any applicable provision.

In September 2015 and in January 2017, two separate putative class action complaints were filed against Allianz Life Insurance Company of North America (Allianz Life) making allegations similar to those made in prior class actions regarding the sale of Allianz Life's annuity products, including allegations of breach of contract and violation of California unfair competition law. In one matter, the Court denied class certification. The case, which continued as an individual action, was settled between the parties with no effect on Allianz Group's financial position. The ultimate outcome of the remaining case cannot yet be determined.

GUARANTEES

Guarantees
€ mn

As of 31 December	2019	2018
Financial guarantees	43	29
Indemnification contracts	104	169
Performance guarantees	34	53
Total	**181**	**251**

COMMITMENTS

Commitments
€ mn

As of 31 December	2019	2018
Commitments to acquire interests in associates and available-for-sale investments	20,691	17,199
Debt investments	8,197	5,746
Other	4,545	3,304
Total	**33,433**	**26,249**

OTHER COMMITMENTS AND CONTINGENCIES

Allianz and HT1 Funding GmbH have signed a Contingent Indemnity Agreement in July 2006, pursuant to which Allianz may, in certain circumstances, be obliged to make payments to HT1 Funding GmbH. The contingent payment obligation of Allianz relates to the coupon payments of the Tier 1 Capital Securities issued by HT1 Funding GmbH. The original nominal amount of the Tier 1 Capital Securities of € 1,000 mn was reduced in 2012 to approximately € 416 mn. This reduces the amount of coupon payments of the Tier 1 Capital Securities and the contingent payment obligation of Allianz accordingly. Since June 2017, the annual coupon is the 12-month Euribor plus a margin of 2.0% p.a., the coupon payable on 30 June 2020 is 1.787% p.a. The securities have no scheduled maturity and the security holders have no right to call for their redemption. Since June 2017, the securities may be redeemed annually on 30 June at the option of the issuer. On 18 November 2019, HT1 has issued a call notice with respect to the securities, effective on 30 June 2020. The call is subject to the absence of an obligation to write-down the silent participation on 31 December 2019 between HT1 Funding GmbH and Commerzbank AG, which is related to the Tier 1 Capital Securities. Allianz SE expects that the Tier 1 Capital Securities will be redeemed on 30 June 2020 and does not expect to be obliged to make any future payment under the contingent indemnity agreement, which automatically terminates upon the repayment of the Tier 1 Capital Securities.

Pursuant to §§ 221 ff. of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz" – VAG), mandatory insurance guarantee schemes ("Sicherungsfonds") for life insurers as well as for health insurers are implemented in Germany, which are financed through their member undertakings.

The insurance guarantee scheme for life insurers levies annual contributions and, under certain circumstances, special contributions. As of 31 December 2019, the future liabilities of Allianz Lebensversicherungs-AG and its subsidiaries to the insurance guarantee scheme pursuant to the SichLVFinV amount to annual contributions of € 19.5 mn (2018: € 22.7 mn) and potential special contributions of, in principle, € 210 mn (2018: € 203 mn) per year. In addition, Allianz Lebensversicherungs-AG and some of its subsidiaries have assumed a contractual obligation to provide, if required, further funds to Protektor Lebensversicherungs-AG ("Protektor"), a life insurance company that has assumed the task of the mandatory insurance guarantee scheme for life insurers. Such obligation is, in principle, based on a maximum of 1% of the sum of the net underwriting reserves with deduction of payments already provided to the insurance guarantee scheme. As of 31 December 2019, and under inclusion of the contributions to the mandatory insurance scheme mentioned above for a limited period of time, and assuming that no other life insurer is exempted from payments, the aggregate outstanding commitment of Allianz Lebensversicherungs-AG and its subsidiaries to the insurance guarantee scheme and to Protektor is € 1,910 mn (2018: € 1,846 mn).

38 _ Lease arrangements

The Allianz Group occupies property in many locations under various long-term leases and has entered into various leases covering the long-term use of data processing equipment and other office equipment.

AS A LESSEE

As of 31 December 2019, the maturities for lease liabilities were as follows:

Maturities for lease liabilities
€ mn

As of 31 December	2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	500	47	453
Between one and five years	1,287	131	1,156
More than five years	1,303	121	1,182
Total	**3,089**	**299**	**2,791**

For the year ended 31 December 2019, the total cash outflow for leases amounted to € 563 mn.

AS A LESSOR

For the year ended 31 December 2019, the lease income for operating leases amounted to € 955 mn.

The Allianz Group leases out its investment properties (see note 6) under operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Investment property comprises a number of commercial properties that are leased to third parties.

As of 31 December 2019, the maturities for the future minimum lease payments of operating leases were as follows:

Operating leases - maturities for the future minimum lease payments
€ mn

As of 31 December	2019	2018
One year and less	663	668
Between 1 and up to 2 years	659	627
Between 2 and up to 3 years	610	582
Between 3 and up to 4 years	555	495
Between 4 and up to 5 years	575	453
More than 5 years	2,072	1,741
Total	**5,134**	**4,566**

39 _ Pensions and similar obligations

OVERVIEW

Retirement benefits in the Allianz Group, which are granted to employees and in Germany also to agents, are either in the form of defined benefit or defined contribution plans. For defined benefit plans, the beneficiary is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance.

The Allianz Group provides competitive and cost-effective retirement and disability benefits using risk appropriate vehicles. The plans may vary from country to country due to the different legal, fiscal and economic environment.

Risks typically associated with defined benefit plans are biometric risks such as longevity, disability, and death as well as economic risks such as interest rates, inflation and compensation increases. New plans are primarily based on contributions and may include, in some cases, guarantees such as the preservation of contributions or minimum interest rates.

In the Pension Task Force, the heads of Group HR, Group Accounting and Reporting, Group Treasury and Corporate Finance, Group Actuarial, Planning & Controlling, Group Risk and AIM met four times to provide global governance and pre-align pension-related topics such as risk management and Solvency II prior to relevant Group Committee meetings.

Each of the pension plans in Germany, the U.K. and Switzerland contributes more than 5% to the Allianz Group's defined benefit obligation or its plan assets. As the Allianz Retirement and Death Benefits Fund in the U.K. closed from 1 July 2015 to future accrual and the plans in Switzerland are nearly negligible from a risk perspective, except a minor liquidity risk due to the "Freizügigkeitsleistung", only the defined benefit plans in Germany are described in more detail regarding key risks and regulatory environment.

Most active German employees participate in contribution-based plans using different vehicles to cover the base salary both below and above the German social security ceiling (GSSC). Since 1 January 2015, the Allianz Group contributes for new entrants and for the majority of contribution-based pension plan beneficiaries above the GSSC to the low-risk pension plan "My Allianz Pension", where only contributions are preserved. For salaries above the GSSC, the Allianz Group decides each year whether and to which extent a budget for the contribution-based pension plans is provided. Independently of this decision, an additional risk premium is paid to cover death and disability. Generally the accruals of the contribution-based pension plans are wholly funded, whereas the grandfathered plans are funded to a minor extent. On retirement, the accumulated capital is paid as a lump sum or converted to a lifetime annuity.

Employees who joined Allianz before 1 January 2015 participate in the Allianz Versorgungskasse VVaG (AVK), financed through employee contributions, and the Allianz Pensionsverein e.V. (APV), which is financed by the employer. Both pension funds provide pension benefits for the base salary up to the GSSC and are wholly funded along local regulatory requirements and were closed to new entrants, effective 31 December 2014. AVK and APV are legally separate administered pension funds with trustee boards being responsible for the investment of the assets and the risk management. AVK is subject to German insurance regulation. The assets of the contribution-based pension plans are allocated to a trust (Methusalem Trust e.V.) and managed by a board of trustees. For the AVK the annual minimum interest rate guaranteed is 1.75% – 3.50%, depending on the date of joining the Allianz Group, and for the closed part of the contribution-based pension plan it is 2.75%.

There is also a partly funded defined benefit pension plan for agents (VertreterVersorgungsWerk, VVW), which has been closed for new entrants as of 31 December 2011. A part of the pension plan serves as a replacement for the compensatory claim of agents according to German Commercial Code (§ 89b). VVW is similar to a final salary benefit plan and pension increases are broadly linked to inflation.

Pension increases apart from AVK and APV are guaranteed at least with 1% p.a. Depending on legal requirements, some pension increases are linked to inflation. In AVK the complete surplus share of the retirees is used to increase their pension.

The period in which a retirement benefit can be drawn is usually between the ages of 60 and 67. Disability benefits are granted until retirement pension is paid. In the case of death under the previous plans, surviving dependents normally receive 60% (widow/widower) and 20% (per child) of the original employee's pension, in total not to exceed 100%. Under the "My Allianz Pension" plan, the surviving dependents receive the capital accrued.

Additionally, the Allianz Group offers a deferred compensation program, "Pensionszusage durch Entgeltumwandlung (PZE)", for active employees. Within some boundaries they convert at their discretion parts of their gross income and, in exchange, receive a pension commitment of equal value. PZE is qualified as a defined benefit plan with small risk exposure.

DEFINED BENEFIT PLANS

The following table sets out the changes in the defined benefit obligation, in the fair value of plan assets, in the effect of the asset ceiling as well as in the net defined benefit balance for the various Allianz Group defined benefit plans:

Reconciliation of defined benefit obligation, fair value of plan assets, effect of asset ceiling, and net defined benefit balance
€ mn

	Defined benefit obligation		Fair value of plan assets		Effect of asset ceiling[1]		Net defined benefit balance	
	I		II		III		(I-II+III)	
	2019	2018	2019	2018	2019	2018	2019	2018
Balance as of 1 January	**23,436**	**23,597**	**14,624**	**14,428**	**40**	**43**	**8,853**	**9,212**
Current service costs	437	461	-	-	-	-	437	461
Interest expenses	465	425	-	-	-	-	465	425
Interest income	-	-	295	264	-	-	(295)	(264)
Other[2]	(44)	(1)	-	-	-	-	(44)	(1)
Expenses recognized in the consolidated income statement	**857**	**884**	**295**	**264**	**-**	**-**	**563**	**621**
Actuarial (gains)/losses due to								
Changes in demographic assumptions[3]	(31)	(288)	-	-	-	-	(31)	(288)
Changes in financial assumptions	2,719	(391)	-	-	-	-	2,719	(391)
Experience adjustments	(48)	195	-	-	-	-	(48)	195
Return on plan assets greater/(less) than interest income on plan assets	-	-	1,172	(178)	-	-	(1,172)	178
Change in effect of asset ceiling in excess of interest	-	-	-	-	2	(4)	2	(4)
Remeasurements recognized in the consolidated statement of comprehensive income (before deferred taxes)	**2,640**	**(485)**	**1,172**	**(178)**	**2**	**(4)**	**1,469**	**(311)**
Employer contributions	-	-	313	369	-	-	(313)	(369)
Plan participants' contributions	127	126	127	126	-	-	-	-
Benefits paid	(787)	(747)	(479)	(451)	-	-	(308)	(297)
Acquisitions and divestitures	42	23	-	20	-	-	42	3
Settlement payments/assets distributed on settlement	(1)	(3)	-	(3)	-	-	(1)	-
Foreign currency translation adjustments	156	44	163	51	2	2	(5)	(5)
Changes in the consolidated subsidiaries of the Allianz Group	13	(4)	12	(2)	-	-	1	(2)
Balance as of 31 December[4]	**26,483**	**23,436**	**16,226**	**14,624**	**44**	**40**	**10,302**	**8,853**
thereof assets	-	-	-	-	-	-	(255)	(239)
thereof liabilities	-	-	-	-	-	-	10,556	9,091
Thereof allotted to:								
Germany	20,479	18,153	10,590	9,586	-	-	9,889	8,566
United Kingdom	1,769	1,598	1,842	1,625	-	-	(73)	(27)
Switzerland	1,502	1,332	1,608	1,453	44	40	(62)	(81)

1_The asset ceiling is determined by taking into account the reduction of future contributions.
2_Includes for 2019 € 48 mn due to a plan change in the Netherlands.
3_Includes for 2018 € 278 mn in Germany due to the change in mortality tables.
4_As of 31 December 2019, € 6,199 mn (2018: € 5,406 mn) of the defined benefit obligation are wholly unfunded, while € 20,285 mn (2018: € 18,030 mn) are wholly or partly funded.

As of 31 December 2019, post-retirement health benefits included in the defined benefit obligation and in the net amount recognized amounted to € 11 mn (2018: € 10 mn) and € 11 mn (2018: € 10 mn), respectively.

During the year ended 31 December 2019, the defined benefit costs related to post-retirement health benefits amounted to € - mn (2018: € - mn).

ASSUMPTIONS

The assumptions for the actuarial computation of the defined benefit obligation and the recognized expense depend on the circumstances in the country where the plan has been established.

The calculations are based on current actuarially calculated mortality tables, projected turnover depending on age and length of service, and internal Allianz Group retirement projections. Although this represents the best estimate as of today, considering a further increase in life expectancy could be reasonable. The weighted average life expectancy of a currently 65-year-old plan participant is about 89.3 (2018: 89.2) years for women and 86.5 (2018: 86.5) years for men. An increase in life expectancy by one year would lead to an increase of the defined benefit obligation by € 833 mn (2018: € 678 mn).

The weighted average values of the assumptions for the Allianz Group's defined benefit plans used to determine the defined benefit obligation and the recognized expense are as follows:

Assumptions for defined benefit plans
%

As of 31 December	2019	2018
Discount rate	**1.2**	**2.0**
This includes the following country rates:		
Germany		
long duration	1.1	2.0
short duration	0.9	1.6
United Kingdom	2.1	2.7
Switzerland	0.3	1.0
Rate of compensation increase	**1.9**	**1.4**
Rate of pension increase	**1.5**	**1.4**
Rate of medical cost trend	**0.9**	**1.0**

The recognized expense is recorded based on the assumptions of the corresponding previous year.

The discount rate assumption is the most significant risk for the defined benefit obligation. It reflects market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities. In the Eurozone, the decision for the discount rate is based on AA-rated financial and corporate bonds, provided by Allianz Investment Data Services (IDS), and a standardized cash flow profile for a mixed population. The Allianz Global Risk Parameters (GRIPS) methodology is an internal development of the Nelson-Siegel model and consistently used by Group Risk, AIM, and PIMCO.

The range for the sensitivity calculations was derived by analyzing the average volatility over a five-year period.

An increase in the discount rate by 50 basis points would lead to a decrease of € 1.7 bn (2018: € 1.5 bn) in the defined benefit obligation, whereas a decrease in the discount rate by 50 basis points would lead to an increase of € 2.0 bn (2018: 1.7 bn).

An increase of pre-retirement benefit assumptions (e.g. a salary increase) of 25 basis points would have an effect of € 73 mn (2018: € 62 mn) on the defined benefit obligation. However, the increase of post-retirement assumptions (e.g. inflation-linked increases of pension payments) of 25 basis points would increase the defined benefit obligation by € 579 mn (2018: € 494 mn).

An increase in the medical cost trend rate by 100 basis points would have an effect of € 1 mn (2018: € 1 mn) on the defined benefit obligation and like last year no material effect on the defined benefit costs.

PLAN ASSETS/ASSET LIABILITY MANAGEMENT (ALM)

Based on the estimated future cash flows of € 819 mn for 2020, € 859 mn for 2021, € 898 mn for 2022, € 937 mn for 2023, € 967 mn for 2024, and € 4,818 mn for 2025 – 2029, the weighted duration of the defined benefit obligation is 17.5 (2018: 17.2) years. Based on the liability profiles of the defined benefit obligation and on the regulatory funding requirements, the Allianz Group uses stochastic asset liability models to optimize the asset allocation from a risk-return perspective.

Due to a well-diversified portfolio of approximately 140,000 (2018: 137,000) plan participants, no reasonable uncertainty is expected with regard to future cash flows that could affect the liquidity of the Allianz Group. The chart below shows the asset allocation:

Asset allocation of plan assets
€ mn

As of 31 December	2019	2018
Equity securities		
Quoted	1,656	1,577
Non-quoted	14	-
Debt securities		
Quoted	4,671	5,473
Non-quoted	3,391	1,952
Real estate	**827**	**787**
Annuity contracts	**3,877**	**3,590**
Life insurance investment products	**1,077**	**998**
Other[1]	**713**	**247**
Total	**16,226**	**14,624**

1_Includes as of 31 December 2019 € 521 mn in cash and cash equivalents in the Netherlands due to a plan change.

The bulk of the plan assets are held by Allianz Versorgungskasse VVaG, Munich, which is not part of the Allianz Group. Plan assets do not include any real estate used by the Allianz Group and include only € 3.3 mn (2018: 39.1 mn) of own transferable financial instruments.

In addition to the plan assets of € 16.2 bn (2018: € 14.6 bn), the Allianz Group has dedicated assets at Group level amounting to € 9.3 bn as of 31 December 2019 (2018: € 8.6 bn), which are likewise managed according to Allianz ALM standards.

CONTRIBUTIONS

For the year ending 31 December 2020, the Allianz Group expects to contribute € 341 mn to its defined benefit plans (2018: € 292 mn for the year ending 31 December 2019) and to pay € 335 mn directly to participants in its defined benefit plans (2018: € 323 mn for the year ending 31 December 2019).

DEFINED CONTRIBUTION PLANS

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended 31 December 2019, the Allianz Group recognized expenses for defined contribution plans of € 273 mn (2018: € 257 mn). Additionally, the Allianz Group paid contributions for state pension schemes of € 355 mn (2018: € 329 mn).

40 _ Share-based compensation plans

ALLIANZ EQUITY INCENTIVE PLAN (AEI PLAN)

The AEI plan is granted in the form of restricted stock units (RSUs) and is part of the variable compensation component for the plan beneficiaries.

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the ten-day average Xetra closing price of the Allianz SE share on the vesting day, or to convert one RSU into one Allianz SE share. The Allianz Group can choose the settlement method for each unit. The payout is capped at a 200 % share price growth above the grant price.

The RSUs are subject to a contractual vesting period of four years and the payout per RSU is fixed on the last day of the contractual vesting period, which ends on the tenth trading day following the annual financial media conference in the year the respective AEI plan expires.

In addition, upon the death of a plan participant, a change of control or notice for operational reasons, the RSUs vest immediately and are exercised by the company.

The RSUs are virtual stocks without dividend payments and with a capped payout. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity as well as the fair value of the cap from the prevailing share price as of the valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date.

The following table shows the assumptions used in calculating the fair value of the RSUs at grant date:

Assumptions of AEI plans

Year of issue[1]		2020[2]	2019	2018
Share price	€	220.65	197.34	183.80
Average dividend yield of Allianz SE share	%	4.7	4.9	4.8
Average interest rate	%	(0.5)	(0.1)	(0.1)
Expected volatility of the Allianz SE share price	%	15.8	18.6	20.2

1_The AEI RSUs are granted as part of the remuneration of the respective prior year.
2_The assumptions for RSU grants delivered in March 2020 are based on best estimate.

The RSUs are accounted for as cash-settled plans because the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as compensation expenses over the IFRS vesting period. During the year ended 31 December 2019, the Allianz Group recognized compensation expenses related to the AEI plans of € 216 mn (2018: € 96 mn).

As of 31 December 2019, the Allianz Group recorded provisions of € 426 mn (2018: € 383 mn) for these RSUs in Other liabilities.

LONG-TERM INCENTIVE PLAN (LTI PLAN)

Under the LTI plan, awards are granted in the form of index-linked restricted stock units (RSUs) which are part of a new remuneration policy[1] for the members of the Allianz SE's Board of Management.

RSUs granted to the members of the Board of Management obligate Allianz SE to pay per RSU a cash amount equal to the ten-day average Xetra closing price of the Allianz SE share on the last day of the contractual vesting period, multiplied by a performance factor which reflects the total performance of the Allianz stock relative to the total performance of the Stoxx Europe 600 Insurance Index during the four-year contractual vesting period.

The contractual vesting period ends on the tenth trading day following the annual financial media conference in the year the respective RSU award expires. The payout per RSU is subject to a 200% share price cap relative to the share price at the grant date and a 200% cap applied to the performance factor. In addition, there is a cap applicable to the total compensation including the LTI payout and various other compensation components.

The fair value of the index-linked RSUs is calculated as the present value of the expected future payout, taking into account the link between share price performance and relative performance compared to the index as well as the relevant caps and thresholds as defined in the payout formula. The expected future payout is determined on the basis of observable market data as of the valuation date and market standard simulation techniques.

The following table shows the assumptions used in calculating the fair value of the index-linked RSUs at grant date:

Assumptions of LTI plans

Year of issue[1]		2020[2]
Share price	€	220.65
Average dividend yield of Allianz SE share	%	4.7
Average interest rate	%	(0.5)
Expected volatility of the Allianz SE share price	%	17.0
Expected volatility of the index	%	14.7
Expected correlation of the Allianz SE share price and index	%	88.6

1_The LTI RSUs are granted as part of the remuneration of the respective prior year.
2_The assumptions for RSU grants delivered in March 2020 are based on best estimate.

The index-linked RSUs are accounted for as cash-settled plans because the Allianz Group settles in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as compensation expenses over the IFRS vesting period. During the year ended 31 December 2019, the Allianz Group recognized compensation expenses related to the LTI plans of € 3 mn.

As of 31 December 2019, the Allianz Group recorded provisions of € 3 mn for these index-linked RSUs in Other liabilities.

PIMCO LLC CLASS M-UNIT PLAN

In 2008, Allianz GI L.P. launched a new management share-based payment incentive plan for certain senior-level executives and affiliates of PIMCO LLC. Participants in the plan are granted options to acquire an own class of equity instruments (M-units), which vest in one-third increments on approximately the third, fourth, and fifth anniversary of the option grant date. Upon vesting, options will automatically be exercised in a cashless transaction, provided they are in the money. Participants may elect to defer the receipt of M-units through the M-unit Deferral Plan until termination of their service at the latest. With the M-unit Plan, participants can directly participate in PIMCO's performance. Class M-units are non-voting common equity with limited information rights. They bear quarterly distributions equal to a pro-rata share of PIMCO's net distributable income. Deferred M-units have a right to receive a quarterly cash compensation equal to and in lieu of quarterly dividend payments.

A maximum of 250,000 M-units are authorized for issuance under the M-unit Plan.

The fair value of the underlying M-unit options was measured using the Black-Scholes option pricing model. Volatility was derived in part by considering the average historical and implied volatility of a selected group of peers. The expected life of one granted option was calculated based on treating the three vesting tranches (one third in years 3, 4, and 5) as three separate awards.

The following table provides the assumptions used in calculating the fair value of the M-unit options at grant date:

1_For detailed information regarding the LTI plans and the new remuneration policy for the members of the Allianz SE's Board of Management please see the Remuneration Report.

Assumptions of Class M-Unit plan

		2019	2018
Weighted-average fair value of options granted	€	194.79	412.40
Assumptions:			
Expected return (in years)		3.84	3.84
Expected volatility	%	17.9	21.0
Expected dividend yield	%	13.2	11.8
Risk free rate of return	%	2.4	2.5

The number and weighted-average exercise price of the M-unit options outstanding and exercisable are as follows:

Reconciliation of outstanding M-unit options

	2019		2018	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
		€		€
Outstanding as of 1 January	**143,858**	**11,902.16**	**122,972**	**12,063.87**
Granted	39,751	12,934.96	49,595	13,583.45
Exercised	(23,492)	14,451.99	(19,084)	20,639.22
Forfeited	(6,717)	11,241.04	(9,625)	13,081.02
Outstanding as of 31 December	**153,400**	**12,019.69**	**143,858**	**11,902.16**
Exercisable as of 31 December	-	-	-	-

As of 31 December 2019, the aggregate intrinsic value of share options outstanding was € 571 mn (2018: € 356 mn).

As of 31 December 2019, the M-unit options outstanding have an exercise price between € 10,083.74 and € 14,776.84 and a weighted-average remaining contractual life of 2.87 years.

The share options settled by delivery of PIMCO LLC shares are accounted for as equity-settled plans. Therefore, PIMCO LLC measures the total compensation expense to be recognized for the equity-settled shares based on their fair value as of the grant date. The total compensation expense is recognized over the vesting period.

During the year ended 31 December 2019, the Allianz Group recorded compensation expenses of € 13 mn (2018: € 14 mn) related to these share options.

EMPLOYEE STOCK PURCHASE PLANS

The Allianz Group offers Allianz SE shares in 40 countries to entitled employees at favorable conditions. The shares have a minimum holding period of three to five years. During the year ended 31 December 2019, the number of shares sold to employees under these plans was 365,959 (2018: 407,495). From 2018 onwards, the employees receive one bonus share for three shares bought. For the year ended 31 December 2019, these bonus shares had an equivalent value of € 19 mn (2018: € 15 mn).

OTHER SHARE OPTION AND SHAREHOLDING PLANS

The Allianz Group has other local share-based compensation plans, including share option and employee share purchase plans, none of which, individually or in the aggregate, are material to the consolidated financial statements.

41 _ Earnings per share

Earnings per share are calculated by dividing net income attributable to shareholders by the weighted-average number of shares outstanding. For the calculation of diluted earnings per share, the nominator and denominator are adjusted for the effects of potentially dilutive shares. These effects arise from various share-based compensation plans of the Allianz Group.

Earnings per share
€ mn

	2019	2018
Net income attributable to shareholders – basic	7,914	7,462
Effect of potentially dilutive shares	(28)	(25)
Net income attributable to shareholders – diluted	**7,886**	**7,437**
Weighted-average number of shares outstanding – basic	418,653,403	428,106,916
Potentially dilutive shares	95,628	1,889,894
Weighted-average number of shares outstanding – diluted	**418,749,031**	**429,996,810**
Basic earnings per share (€)	**18.90**	**17.43**
Diluted earnings per share (€)	**18.83**	**17.30**

42 _ Other information

NUMBER OF EMPLOYEES

As of 31 December 2019, the Allianz Group employed 147,268 (2018: 142,460) people, thereof 38,412 (2018: 38,089) in Germany. The average total number of employees for the year ended 31 December 2019 was 144,864.

PERSONNEL EXPENSES

Personnel expenses
€ mn

	2019	2018
Salaries and wages	9,787	9,213
Social security contributions and employee assistance	1,435	1,352
Expenses for pensions and other post-retirement benefits	1,200	1,203
Total	**12,422**	**11,768**

ISSUANCE OF THE DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO § 161 AKTG

On 13 December 2019, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance according to § 161 AktG, which has been made permanently available to shareholders on the company's website.

REMUNERATION FOR THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD ACCORDING TO §314(6) HGB

As of 31 December 2019, the Board of Management is comprised of ten members. The following values reflect the full Board of Management active in the respective year.

The sum of the total remuneration of the Allianz SE Board of Management for 2019, excluding the pension service cost, amounts to € 39 mn (2018 excluding the payments of the MTB 2016 – 2018 as well as the pension service cost: € 27 mn).

The equity-related remuneration in 2019 is comprised of 97,482[1] (2018: 61,250[2]) Restricted Stock Units (RSUs).

RSUs with a total fair value of € 18.3 mn (2018: € 9.4 mn) were granted to the Board of Management for the year ended 31 December 2019.

In 2019, former members of the Board of Management and their dependents received remunerations and other benefits totaling € 8 mn (2018: € 8 mn), while reserves for current pension obligations and accrued pension rights totaled € 159 mn (2018: € 152 mn).

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2.7 mn (2018: € 2.7 mn).

As of 31 December 2019, there were no outstanding loans granted by Allianz Group companies to members of the Board of Management or the Supervisory Board.

Board of Management and Supervisory Board compensation by individual is included in the Remuneration Report. The information provided there is considered part of these consolidated financial statements.

FEES TO THE AUDITOR

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) is the external auditing firm for the Allianz Group.

For services rendered by PwC GmbH and the worldwide member firms of PricewaterhouseCoopers International Limited (PwCIL), the following fees were recognized as an expense in the fiscal year:

PwC fees
€ mn

	PwCIL		thereof: PwC GmbH	
	2019	2018	2019	2018
Audit services	44.2	39.6	12.8	11.5
Other attestation services	2.6	1.1	0.8	0.7
Tax services	4.0	5.6	0.5	0.2
Other services	8.7	11.5	3.0	4.8
Total	**59.5**	**57.8**	**17.2**	**17.3**

Audit services primarily relate to services rendered for the audit of the Allianz Group's consolidated financial statements, the audit of the statutory financial statements of Allianz SE and its subsidiaries, the audit of the Allianz Group's solvency balance sheet as well as the solvency balance sheets of Allianz SE and its subsidiaries. In addition, a review of the Allianz Group's consolidated interim financial statements was performed.

Tax services primarily refer to tax compliance services, other services mainly refer to consulting services.

43 _ Subsequent events

ISSUANCE OF CERTIFICATED LIABILITIES

In January 2020, Allianz Finance II B.V. issued two certificated liabilities. The non-interest bearing bond in the amount of € 0.5 bn has a scheduled maturity in January 2025. The bond in the amount of € 0.75 bn with a fixed coupon of 0.5 % has a scheduled maturity in January 2031.

SALE OF ALLIANZ POPULAR

The disposal group Allianz Popular, Madrid, was sold to Banco Santander on 31 January 2020. The disposal gain realized on that date was € 0.5 bn.

SHARE BUY-BACK PROGRAM 2020

In March 2020, Allianz SE has started a new share buy-back program with a volume of up to € 1.5 bn. For further information, please refer to the section "Expected dividend development" of the chapter Outlook 2020 within the Group Management Report.

1_The relevant share price used to determine the final number of RSUs granted is only available after the sign-off of the Annual Report by the external auditors, thus numbers are based on a best estimate.

2_The disclosure in the Annual Report 2018 was based on a best estimate of the RSU grants. The figures shown here for 2018 now include the actual fair value as of the grant date (1 March 2019). The value therefore differs from the amount disclosed last year.

44 _ List of participations of the Allianz Group as of 31 December 2019 according to § 313 (2) HGB

	% owned[1]
GERMANY	
Consolidated affiliates	
abracar GmbH, Munich	100.0
ACP GmbH & Co. Beteiligungen KG II, Munich	0.0 [2]
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0
ADAC Autoversicherung AG, Munich	51.0
ADEUS Aktienregister-Service-GmbH, Munich	79.6
ADVANIA GmbH, Hamburg	60.0
AfricaGrow GP GmbH, Munich	100.0
AGCS Infrastrukturfonds GmbH, Munich	100.0
AGCS-Argos 76 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AGCS-Argos 86 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
ALIDA Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8
Allianz AADB Fonds, Frankfurt am Main	100.0 [3]
Allianz Africa Holding GmbH, Munich	100.0
Allianz AKR Fonds, Frankfurt am Main	100.0 [3]
Allianz ALD Fonds, Frankfurt am Main	100.0 [3]
Allianz APAV Fonds, Frankfurt am Main	100.0 [3]
Allianz Argos 14 GmbH, Munich	100.0
Allianz Asset Management GmbH, Munich	100.0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0
Allianz Beratungs- und Vertriebs-AG, Munich	100.0
Allianz Capital Partners GmbH, Munich	100.0 [4]
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0
Allianz Climate Solutions GmbH, Munich	100.0
Allianz Deutschland AG, Munich	100.0
Allianz Digital Health GmbH, Munich	100.0
Allianz Direct Versicherungs-AG, Munich	100.0
Allianz DLVR Fonds, Frankfurt am Main	100.0 [3]
Allianz EEE Fonds, Frankfurt am Main	100.0 [3]
Allianz EP GmbH, Munich	100.0
Allianz Esa cargo & logistics GmbH, Bad Friedrichshall	100.0
Allianz Esa EuroShip GmbH, Bad Friedrichshall	51.0
Allianz FAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Finanzbeteiligungs GmbH, Munich	100.0
Allianz Focus Teleport Beteiligungs-GmbH & Co. KG, Stuttgart	100.0
Allianz Global Corporate & Specialty SE, Munich	100.0
Allianz Global Health GmbH, Munich	100.0
Allianz Global Investors GmbH, Frankfurt am Main	100.0
Allianz GLR Fonds, Frankfurt am Main	100.0 [3]
Allianz GLRS Fonds, Frankfurt am Main	100.0 [3]
Allianz GLU Fonds, Frankfurt am Main	100.0 [3]
Allianz GRGB Fonds, Frankfurt am Main	100.0 [3]
Allianz Handwerker Services GmbH, Aschheim	100.0
Allianz Hirschgarten GmbH & Co. KG, Stuttgart	100.0
Allianz Investment Management SE, Munich	100.0 [4]
Allianz LAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0
Allianz Leben Infrastrukturfonds GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0
Allianz LFE Fonds, Frankfurt am Main	100.0 [3]
Allianz L-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0
Allianz OrtungsServices GmbH, Munich	100.0
Allianz Partners Deutschland GmbH, Aschheim	100.0
Allianz Pension Direkt Infrastruktur GmbH, Munich	100.0
Allianz Pension Partners GmbH, Munich	100.0
Allianz Pension Service GmbH, Munich	100.0
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0
Allianz PK-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz PKV-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Private Equity GmbH, Munich	100.0
Allianz Private Equity Partners Verwaltungs GmbH, Munich	100.0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0
Allianz ProzessFinanz GmbH, Munich	100.0
Allianz PV 1 Fonds, Frankfurt am Main	92.4 [3]
Allianz PV WS Fonds, Frankfurt am Main	92.4 [3]
Allianz PV-RD Fonds, Frankfurt am Main	92.4 [3]
Allianz Re Asia, Frankfurt am Main	100.0 [3]
Allianz Real Estate GmbH, Munich	100.0
Allianz Rechtsschutz-Service GmbH, Munich	100.0
Allianz Renewable Energy Management GmbH, Sehestedt	100.0
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0
Allianz RFG Fonds, Frankfurt am Main	100.0 [3]
Allianz Risk Consulting GmbH, Munich	100.0
Allianz SDR Fonds, Frankfurt am Main	100.0 [3]
Allianz SE Ashmore Emerging Markets Corporates Fund, Frankfurt am Main	100.0 [3]
Allianz SE-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Service Center GmbH, Munich	100.0
Allianz SOA Fonds, Frankfurt am Main	100.0 [3]
Allianz Stromversorgungs-GmbH, Munich	100.0
Allianz Taunusanlage GbR, Stuttgart	99.5
Allianz Technology SE, Munich	100.0
Allianz Treuhand GmbH, Stuttgart	100.0
Allianz UGD 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VAE Fonds, Frankfurt am Main	100.0 [3]
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0
Allianz VGI 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VGL Fonds, Frankfurt am Main	100.0 [3]
Allianz VKA Fonds, Frankfurt am Main	100.0 [3]
Allianz VKRD Fonds, Frankfurt am Main	100.0 [3]
Allianz V-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz VSR Fonds, Frankfurt am Main	100.0 [3]
Allianz VW AV Fonds, Frankfurt am Main	100.0 [3]
Allianz Warranty GmbH, Unterföhring	100.0
Allianz X GmbH, Munich	100.0
Allvest GmbH, Munich	100.0
APK Infrastrukturfonds GmbH, Munich	100.0
APK-Argos 75 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APK-Argos 85 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APKV Direkt Infrastruktur GmbH, Munich	100.0
APKV Infrastrukturfonds GmbH, Munich	100.0
APKV Private Equity Fonds GmbH, Munich	100.0
APKV-Argos 74 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APKV-Argos 84 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
ARE Funds APKV GmbH, Munich	100.0
ARE Funds AZL GmbH, Munich	100.0
ARE Funds AZV GmbH, Munich	100.0
AREF III GER 1 GmbH, Frankfurt am Main	100.0
AREF III GER 2 GmbH, Frankfurt am Main	100.0
AREF III GER GmbH & Co. KG, Frankfurt am Main	100.0
atpacvc Fund GmbH & Co. KG, Munich	100.0
atpacvc GmbH, Munich	100.0
atpacvc GP GmbH, Munich	100.0
Atropos Vermögensverwaltungsgesellschaft mbH, Munich	100.0
Auros II GmbH, Munich	100.0
AVS Automotive VersicherungsService GmbH, Rüsselsheim	100.0
AZ ATLAS GmbH & Co. KG, Stuttgart	94.9
AZ ATLAS Immo GmbH, Stuttgart	100.0
AZ ATLAS Verwaltungs-GmbH, Stuttgart	100.0
AZ Northside GmbH & Co. KG, Stuttgart	94.0
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 41 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 56 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 71 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZL AI Nr. 1 GmbH, Munich	100.0
AZL PE Nr. 1 GmbH, Munich	100.0
AZL-Argos 73 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZL-Argos 83 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZL-Private Finance GmbH, Stuttgart	100.0
AZRE AZD P&C Master Fund, Munich	100.0 [3]
AZS-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-SGD Classic Infrastrukturfonds GmbH, Munich	100.0
AZ-SGD Direkt Infrastruktur GmbH, Munich	100.0
AZ-SGD Infrastrukturfonds GmbH, Munich	100.0
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0
AZT Automotive GmbH, Ismaning	100.0
AZV-Argos 72 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZV-Argos 77 Vermögensverwaltungsgesellschaft mbH, Munich	100.0

	% owned[1]
AZV-Argos 82 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZV-Argos 87 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	94.8
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0
Donator Beratungs GmbH, Munich	100.0
Donator Beteiligungsverwaltung GmbH, Munich	100.0
Driven By GmbH, Munich	100.0
EASTSIDE Joint Venture GmbH & Co. KG, Frankfurt am Main	50.0 [2]
EASTSIDE TAMARA GmbH, Frankfurt am Main	50.0 [2]
Euler Hermes Aktiengesellschaft, Hamburg	100.0
Euler Hermes Collections GmbH, Potsdam	100.0
finanzen.de Maklerservice GmbH, Berlin	100.0
finanzen.de Vermittlungsgesellschaft für Verbraucherverträge GmbH, Berlin	100.0
GA Global Automotive Versicherungsservice GmbH, Halle (Saale)	100.0
IconicFinance GmbH, Munich	100.0
IDS GmbH - Analysis and Reporting Services, Munich	100.0
Inv1, Düsseldorf	100.0 [3]
Kaiser X Labs GmbH, Munich	100.0
KomfortDynamik Sondervermögen, Frankfurt am Main	51.3 [3]
KVM ServicePlus - Kunden- und Vertriebsmanagement GmbH, Halle (Saale)	100.0
Lola Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
MAWISTA GmbH, Wendlingen am Neckar	100.0
Mercato Leadmanagement Investments GmbH, Berlin	100.0
Mercato Leadmanagement Investments Holdings GmbH, Berlin	100.0
META Finanz-Informationssysteme GmbH, Munich	100.0
MileBox UG (haftungsbeschränkt), Munich	100.0
Mondial Kundenservice GmbH, Nuremberg	100.0
Münchener & Magdeburger Agrar AG, Munich	100.0
My Finance Coach Stiftung GmbH, Munich	100.0
PIMCO Deutschland GmbH, Munich	100.0 [4]
REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0
REC Frankfurt zweite Objektverwaltungsgesellschaft mbH, Hamburg	60.0
RehaCare GmbH, Munich	100.0
risklab GmbH, Munich	100.0
Roland Holding GmbH, Munich	75.6
Seine GmbH, Munich	100.0
Seine II GmbH, Munich	100.0
Signa 12 Verwaltungs GmbH, Stuttgart	94.9
Spherion Beteiligungs GmbH & Co. KG, Stuttgart	94.9
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0
Syncier GmbH, Munich	90.1
UfS Beteiligungs-GmbH, Munich	100.0
VCIS Germany GmbH, Cologne	50.0 [2]
Vivy GmbH, Berlin	70.0
VLS Versicherungslogistik GmbH, Berlin	100.0
Volkswagen Autoversicherung AG, Braunschweig	100.0
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0 [2]
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0
Windpark Calau GmbH & Co. KG, Sehestedt	100.0
Windpark Cottbuser See GmbH & Co. KG, Sehestedt	100.0
Windpark Dahme GmbH & Co. KG, Sehestedt	100.0
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0
Windpark Emmendorf GmbH & Co. KG, Sehestedt	100.0
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0
Windpark Kirf GmbH & Co. KG, Sehestedt	100.0
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0
Non-consolidated affiliates	
AERS Consortio Aktiengesellschaft, Stuttgart	55.3
Allianz Global Benefits GmbH, Stuttgart	100.0
Allianz Objektbeteiligungs-GmbH, Stuttgart	100.0
Allianz Pension Consult GmbH, Stuttgart	100.0
Allianz zweite Objektbeteiligungs-GmbH, Stuttgart	100.0
AZ Beteiligungs-Management GmbH, Munich	100.0
Grundstücksgesellschaft der Vereinten Versicherungen mbH, Munich	100.0
Infrastruktur Putlitz Ost GmbH & Co. KG, Husum	70.8
manroland AG, Offenbach am Main	100.0 [5,6]
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 [6]
Joint ventures	
AQ Focus Teleport GmbH & Co. KG, Hamburg	50.0
AQ Focus Teleport Verwaltungs GmbH, Hamburg	50.0
AQ Überseehaus GmbH & Co. KG, Hamburg	39.9 [7]
AQ Überseehaus Verwaltungs GmbH, Hamburg	50.0
AVAG Versicherungsvermittlungs-Gesellschaft mbH, Augsburg	50.0
Dealis Fund Operations GmbH, Frankfurt am Main	50.0
Die BrückenKöpfe X BKX GmbH & Co. Invest KG, Berlin	50.0 [3]
NeuConnect Deutschland GmbH, Wilhelmshaven	26.2 [3,7]
PNE WIND Infrastruktur Calau II GmbH, Cuxhaven	50.0
PNE WIND Park III GmbH & Co. KG, Cuxhaven	50.0
Rise HoldCo GmbH, Frankfurt am Main	50.0
SPN Service Partner Netzwerk GmbH, Munich	30.0 [7]
Associates	
Allianz Vermögensbildung Europa, Frankfurt am Main	14.1 [3,8]
Arabesque S-Ray GmbH, Frankfurt am Main	11.4 [8]
Autobahn Tank & Rast Gruppe GmbH & Co. KG, Bonn	25.0
Autobahn Tank & Rast Management GmbH, Bonn	25.0
AV Packaging GmbH, Munich	100.0 [8]
DCSO Deutsche Cyber-Sicherheitsorganisation GmbH, Berlin	25.0
esa EuroShip GmbH & Co. KG Underwriting for Shipping, Bad Friedrichshall	40.0
Euler Hermes Rating GmbH, Hamburg	95.0 [8]
InnoSolutas GmbH, Bad Friedrichshall	25.0
Instamotion Retail GmbH, Grünwald	25.6
Norsea Gas GmbH, Friedeburg-Etzel	28.0
SDA SE Open Industry Solutions, Hamburg	25.0
T&R MLP GmbH, Bonn	25.0
T&R Real Estate GmbH, Bonn	25.0
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg	25.4
Verimi GmbH, Berlin	14.8 [8]
Windkraft Kirf Infrastruktur GmbH, Neumagen-Dhron	50.0 [8]
FOREIGN ENTITIES	
Consolidated affiliates	
2media GmbH, Wallisellen	100.0
35° East SAS, Paris la Défense	100.0
490 Fulton JV LP, Wilmington, DE	96.5
490 Fulton REIT LP, Wilmington, DE	100.0
490 Lower Unit GP LLC, Wilmington, DE	100.0
490 Lower Unit LP, Wilmington, DE	100.0
Advanz Fundo de Investimento Renda Fixa Crédito Privado, São Paulo	100.0 [3]
Aero-Fonte S.r.l., Catania	100.0
AFI2 Real Estate Fund (Compartment), Luxembourg	100.0
AGA Insurance Broker (Thailand) Co. Ltd., Bangkok	100.0
AGA Service Company Corp., Richmond, VA	100.0
AGCS International Holding B.V., Amsterdam	100.0
AGCS Marine Insurance Company, Chicago, IL	100.0
AGCS Resseguros Brasil S.A., São Paulo	100.0
AGF Benelux S.à r.l., Luxembourg	100.0
AGF FCR, Paris	100.0 [3]
AGF Holdings (UK) Limited, Guildford	100.0
AGF Inversiones S.A., Buenos Aires	100.0
AGT Media Ltd., Bristol	100.0
AIM Equity Europe Cantons, Paris	100.0 [3]
AIM Equity PG Vie, Paris	100.0 [3]
AIM Equity US, Paris	100.0 [3]
AIM Singapore Pte Ltd., Singapore	100.0
AIM Underwriting Limited, Toronto, ON	100.0
Allianz (UK) Limited, Guildford	100.0
Allianz Actio France, Paris	81.1 [3]
Allianz Actions Aéquitas, Paris	64.1 [3]
Allianz Actions Emergentes, Paris	99.0 [3]
Allianz Actions Euro, Paris	46.1 [2,3]
Allianz Actions Euro Convictions, Paris	66.3 [3]
Allianz Actions France, Paris	54.6 [3]
Allianz Advisory Pte. Ltd., Singapore	100.0
Allianz Africa Financial Services S.à r.l., Casablanca	100.0
Allianz Africa SAS, Paris la Défense	100.0
Allianz Africa Services SA, Abidjan	100.0
Allianz Air France IFC, Paris	100.0 [3]
Allianz Alapkezelő Zrt., Budapest	100.0
Allianz Allvest Invest SICAV-SIF - Allvest Active Invest, Luxembourg	100.0 [3]
Allianz Allvest Invest SICAV-SIF - Allvest Passive Invest, Luxembourg	100.0 [3]
Allianz Annuity Company of Missouri, Clayton, MO	100.0
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0
Allianz Argentina RE S.A., Buenos Aires	100.0
Allianz Asac Actions, Paris	100.0 [3]

	% owned[1]
Allianz Asia Holding Pte. Ltd., Singapore	100.0
Allianz Asset Management of America Holdings Inc., Dover, DE	100.0
Allianz Asset Management of America L.P., Dover, DE	100.0
Allianz Asset Management of America LLC, Dover, DE	100.0
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0
Allianz Australia Claim Services Pty Limited, Sydney	100.0
Allianz Australia Employee Share Plan Pty Ltd., Sydney	100.0
Allianz Australia Insurance Limited, Sydney	100.0
Allianz Australia Life Insurance Holdings Limited, Sydney	100.0
Allianz Australia Life Insurance Limited, Sydney	100.0
Allianz Australia Limited, Sydney	100.0
Allianz Australia Partnership Services Pty Limited, Sydney	100.0
Allianz Australia Services Pty Limited, Sydney	100.0
Allianz Australia Workers Compensation (NSW) Limited, Sydney	100.0
Allianz Australia Workers Compensation (Victoria) Limited, Melbourne	100.0
Allianz Australian Real Estate Trust, Sydney	100.0 [3]
Allianz Aviation Managers LLC, Burbank, CA	100.0
Allianz Ayudhya Assurance Public Company Limited, Bangkok	82.8
Allianz Ayudhya Capital Public Company Limited, Bangkok	49.0 [2]
Allianz Ayudhya General Insurance Public Company Limited, Bangkok	100.0
Allianz Balanced Return, Luxembourg	100.0 [3]
Allianz Bank Bulgaria AD, Sofia	99.9
Allianz Bank Financial Advisors S.p.A., Milan	100.0
Allianz Banque S.A., Puteaux	100.0
Allianz Benelux S.A., Brussels	100.0
Allianz Bonds Diversified Euro, Paris	100.0 [3]
Allianz Bonds Euro High Yield, Paris	100.0 [3]
Allianz Bulgaria Holding AD, Sofia	66.2
Allianz Business Services Limited, Guildford	100.0
Allianz business services s.r.o., Bratislava	100.0
Allianz Cameroun Assurances SA, Douala	75.4
Allianz Cameroun Assurances Vie SA, Douala	76.4
Allianz Capital Partners of America LLC, Dover, DE	100.0
Allianz Carbon Investments B.V., Amsterdam	100.0
Allianz Cash SAS, Paris la Défense	100.0
Allianz Chicago Private Reit LP, Wilmington, DE	100.0
Allianz China Insurance Holding Limited, Shanghai	100.0
Allianz China Life Insurance Co. Ltd., Shanghai	51.0
Allianz Colombia S.A., Bogotá D.C.	100.0
Allianz Combinatie Fonds, Rotterdam	100.0 [3]
Allianz Compañía de Seguros y Reaseguros S.A., Madrid	99.9
Allianz Congo Assurances SA, Brazzaville	100.0
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0
Allianz Creactions 1, Paris	100.0 [3]
Allianz Creactions 2, Paris	100.0 [3]
Allianz Crowdfunding Fund I FPCI, Paris	100.0 [3]
Allianz Crowdlending FSPI, Paris	100.0 [3]
Allianz Debt Fund S.à r.l., Luxembourg	100.0
Allianz Debt Fund SCSp SICAV-SIF, Luxembourg	99.9
Allianz Debt Investments S.à r.l., Luxembourg	100.0
Allianz Debt Investments SCSp SICAV-SIF, Luxembourg	100.0
Allianz Defensief Mix Fonds, Rotterdam	100.0 [3]
Allianz Digital Services Pte. Ltd., Singapore	100.0
Allianz do Brasil Participações Ltda., São Paulo	100.0
Allianz Edukacja S.A., Warsaw	100.0
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0
Allianz EM Loans S.C.S., Luxembourg	100.0
Allianz Engineering Inspection Services Limited, Guildford	100.0
Allianz Equity Emerging Markets 1, Paris	100.0 [3]
Allianz Equity Investments Ltd., Guildford	100.0
Allianz Equity Large Cap EMU, Paris	100.0 [3]
Allianz Euro Core Infrastructure Debt GP S.à r.l., Senningerberg	100.0
Allianz Europe B.V., Amsterdam	100.0
Allianz Europe Conviction Equity, Senningerberg	50.7 [3]
Allianz Europe Ltd., Amsterdam	100.0
Allianz Europe Small and Micro Cap Equity, Senningerberg	100.0 [3]
Allianz Finance Corporation, Wilmington, DE	100.0
Allianz Finance II B.V., Amsterdam	100.0
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance III B.V., Amsterdam	100.0
Allianz Finance IV Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance IX Luxembourg S.A., Luxembourg	100.0
Allianz Finance Pty Ltd., Sydney	100.0
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0
Allianz FinanzPlan 2055, Senningerberg	49.2 [2,3]
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0
Allianz Fixed Income Macro Fund, London	99.0 [3]
Allianz Foglalkoztatói Nyugdíjszolgáltató Zrt., Budapest	100.0
Allianz France Favart I, Paris	100.0 [3]
Allianz France Investissement OPCI, Paris la Défense	100.0
Allianz France Real Estate Invest SPPICAV, Paris la Défense	100.0
Allianz France Richelieu 1 S.A.S., Paris la Défense	100.0
Allianz France S.A., Paris la Défense	100.0
Allianz France US REIT GP LLC, Wilmington, DE	100.0
Allianz France US REIT LP, Wilmington, DE	100.0
Allianz Fund Administration and Management B.V., Rotterdam	100.0
Allianz Fund Investments 2 S.A. (Compartment), Luxembourg	100.0
Allianz Fund Investments Inc., Wilmington, DE	100.0
Allianz Fund Investments S.A., Luxembourg	100.0
Allianz Garantie Fonds 3%, Rotterdam	100.0 [3]
Allianz Garantie Fonds 4,75%, Rotterdam	100.0 [3]
Allianz Garantiefonds 3,35%, Rotterdam	100.0 [3]
Allianz Garantiefonds 5%, Rotterdam	100.0 [3]
Allianz General Insurance Co. Ltd., Bangkok	100.0
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0
Allianz General Laos Ltd., Vientiane	51.0
Allianz Global AC Equity Insights Fund, London	97.0 [3]
Allianz Global Aggregate Bond, Senningerberg	98.6 [3]
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0
Allianz Global Corporate & Specialty of Bermuda Ltd., Hamilton	100.0
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0
Allianz Global Fundamental Strategy, Senningerberg	43.7 [2,3]
Allianz Global Government Bond, Senningerberg	99.3 [3]
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0
Allianz Global Investors Asset Management (Shanghai) Limited, Shanghai	100.0
Allianz Global Investors Distributors LLC, Dover, DE	100.0
Allianz Global Investors Holdings Ltd., London	100.0
Allianz Global Investors Ireland Ltd., Dublin	100.0
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0
Allianz Global Investors Nominee Services Ltd., George Town	100.0
Allianz Global Investors Overseas Asset Management (Shanghai) Limited, Shanghai	100.0
Allianz Global Investors Schweiz AG, Zurich	100.0
Allianz Global Investors Singapore Ltd., Singapore	100.0
Allianz Global Investors Taiwan Ltd., Taipei	100.0
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0
Allianz Global Investors U.S. LLC, Dover, DE	100.0
Allianz Global Investors UK Limited, London	100.0
Allianz Global Life dac, Dublin	100.0
Allianz Global Opportunistic Bond, Senningerberg	59.2 [3]
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0
Allianz Groen Rente Fonds, Rotterdam	100.0 [3]
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0
Allianz Hellas Insurance Company S.A., Athens	100.0
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0
Allianz Holding eins GmbH, Vienna	100.0
Allianz Holding France SAS, Paris la Défense	100.0
Allianz Holdings p.l.c., Dublin	100.0
Allianz Holdings plc, Guildford	100.0
Allianz Hospitaliers Euro, Paris	100.0 [3]
Allianz Hospitaliers Valeurs Durables, Paris	100.0 [3]
Allianz Hrvatska d.d., Zagreb	83.2
Allianz Hungária Biztosító Zrt., Budapest	100.0
Allianz HY Investor GP LLC, Wilmington, DE	100.0
Allianz HY Investor LP, Wilmington, DE	100.0
Allianz IARD EM Debt, Paris	100.0 [3]
Allianz IARD S.A., Paris la Défense	100.0
Allianz IARD Vintage, Paris	100.0 [3]
Allianz Impact Green Bond, Paris	100.0 [3]
Allianz Impact Investment Fund S.A. SICAV-RAIF, Senningerberg	100.0 [3]
Allianz IndexManagement Balance, Senningerberg	97.3 [3]
Allianz IndexManagement Chance, Senningerberg	99.4 [3]
Allianz IndexManagement Substanz, Senningerberg	99.6 [3]
Allianz IndexManagement Wachstum, Senningerberg	96.2 [3]
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0
Allianz Informatique G.I.E., Paris la Défense	100.0
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0

	% owned[1]
Allianz Infrastructure Holding I Pte. Ltd., Singapore	100.0
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg Holdco III S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg Holdco IV S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Spain Holdco II S.à r.l., Luxembourg	100.0
Allianz Insurance Company of Ghana Limited, Accra	100.0
Allianz Insurance Company of Kenya Limited, Nairobi	100.0
Allianz Insurance Company-Egypt S.A.E., New Cairo	95.0
Allianz Insurance Lanka Limited, Colombo	100.0
Allianz Insurance plc, Guildford	100.0
Allianz International Ltd., Guildford	100.0
Allianz Inversiones S.A., Bogotá D.C.	100.0
Allianz Invest 10 Division S/U, Vienna	100.0 [3]
Allianz Invest 11 Division Leben/Kranken, Vienna	100.0 [3]
Allianz Invest 12 Division Leben/Kranken, Vienna	100.0 [3]
Allianz Invest 50, Vienna	100.0 [3]
Allianz Invest Cash, Vienna	88.6 [3]
Allianz Invest d.o.o., Zagreb	100.0
Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0
Allianz Invest Ostrent, Vienna	88.9 [3]
Allianz Invest Spezial 3, Vienna	100.0 [3]
Allianz Investment Management LLC, Minneapolis, MN	100.0
Allianz Investment Real Estate Solutions S.à r.l., Luxembourg	100.0
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0
Allianz Investments I Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments III Luxembourg S.A., Luxembourg	100.0
Allianz Japan Equity Long Short Strategy, Senningerberg	37.5 [2,3]
Allianz Jewel Fund ICAV, Dublin	100.0
Allianz Jingdong General Insurance Company Ltd., Guangzhou	50.0 [2]
Allianz kontakt s.r.o., Prague	100.0
Allianz Leasing Bulgaria AD, Sofia	100.0
Allianz Leben Real Estate Holding I S.à r.l., Luxembourg	100.0
Allianz Leben Real Estate Holding II S.à r.l., Luxembourg	100.0
Allianz Life (Bermuda) Ltd., Hamilton	100.0
Allianz Life Assurance Company-Egypt S.A.E., New Cairo	100.0
Allianz Life Financial Services LLC, Minneapolis, MN	100.0
Allianz Life Insurance Company Ltd., Moscow	100.0
Allianz Life Insurance Company of Ghana Limited, Accra	100.0
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0
Allianz Life Insurance Company of New York, New York, NY	100.0
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0
Allianz Life Insurance Japan Ltd., Tokyo	100.0
Allianz Life Insurance Lanka Ltd., Colombo	100.0
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0
Allianz Life Luxembourg S.A., Luxembourg	100.0
Allianz Madagascar Assurances SA, Antananarivo	100.0
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0
Allianz Management Services Limited, Guildford	100.0
Allianz Marine & Transit Underwriting Agency Pty Ltd., Sydney	75.0
Allianz Marine (UK) Ltd., Ipswich	100.0
Allianz Maroc S.A., Casablanca	98.9
Allianz MENA Holding (Bermuda) Ltd., Hamilton	100.0
Allianz México S.A. Compañía de Seguros, Mexico City	100.0
Allianz Mid Cap Loans FCT, Paris	100.0 [3]
Allianz Multi Croissance, Paris	75.6 [3]
Allianz Multi Dynamisme, Paris	86.7 [3]
Allianz Multi Equilibre, Paris	98.9 [3]
Allianz Multi Harmonie, Paris	99.4 [3]
Allianz Multi Horizon 2024-2026, Paris	62.1 [3]
Allianz Multi Horizon 2027-2029, Paris	67.3 [3]
Allianz Multi Horizon 2030-2032, Paris	73.5 [3]
Allianz Multi Horizon 2033-2035, Paris	100.0 [3]
Allianz Multi Horizon 2036-2038, Paris	100.0 [3]
Allianz Multi Horizon 2039-2041, Paris	100.0 [3]
Allianz Multi Horizon Court Terme, Paris	75.1 [3]
Allianz Multi Horizon Long Terme, Paris	44.2 [2,3]
Allianz Multi Opportunités, Paris	91.4 [3]
Allianz Multi Rendement Réel, Paris	89.1 [3]
Allianz Mutual Funds Management Company S.A., Athens	100.0
Allianz Nederland Groep N.V., Rotterdam	100.0
Allianz New Europe Holding GmbH, Vienna	100.0
Allianz New Zealand Limited, Auckland	100.0
Allianz Nigeria Insurance plc, Lagos	99.3
Allianz Obligations Internationales, Paris	85.1 [3]
Allianz of America Inc., Wilmington, DE	100.0
Allianz Offensief Mix Fonds, Rotterdam	100.0 [3]
Allianz One Beacon GP LLC, Wilmington, DE	100.0
Allianz One Beacon LP, Wilmington, DE	100.0
Allianz Opéra, Paris	100.0 [3]
Allianz Operations Singapore Pte. Ltd., Singapore	100.0
Allianz p.l.c., Dublin	100.0
Allianz Partners S.A.S., Saint-Ouen	100.0
Allianz Patrimoine Immobilier SAS, Paris la Défense	100.0
Allianz Pension Fund Trustees Ltd., Guildford	100.0
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0
Allianz penzijní spolecnost a.s., Prague	100.0
Allianz Pet and Animal Wellbeing, Senningerberg	51.6 [3]
Allianz Pimco Corporate, Vienna	90.8 [3]
Allianz Pimco Mortgage, Vienna	91.3 [3]
Allianz PNB Life Insurance Inc., Makati City	51.0
Allianz pojistovna a.s., Prague	100.0
Allianz Polska Services Sp. z o.o., Warsaw	100.0
Allianz Popular Asset Management SGIIC S.A., Madrid	100.0
Allianz Popular Pensiones EGFP S.A., Madrid	100.0
Allianz Popular S.L., Madrid	60.0
Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0
Allianz Presse Infra GP S.à r.l., Luxembourg	92.4
Allianz Presse Infra S.C.S., Luxembourg	92.4
Allianz Presse US REIT GP LLC, Wilmington, DE	92.4
Allianz Presse US REIT LP, Wilmington, DE	92.4
Allianz Private Credit Fund S.A. SICAV-RAIF, Senningerberg	100.0 [3]
Allianz Private Equity Partners Europa II, Milan	92.0 [3]
Allianz Private Equity Partners Europa III, Milan	99.6 [3]
Allianz Private Equity Partners IV, Milan	100.0 [3]
Allianz Private Equity Partners V, Milan	100.0 [3]
Allianz Properties Limited, Guildford	100.0
Allianz Re Dublin dac, Dublin	100.0
Allianz Real Estate Investment S.A., Luxembourg	100.0
Allianz Real Estate of America LLC, New York, NY	100.0
Allianz Real Estate Trust II (1), Sydney	99.2 [3]
Allianz Real Estate Trust II (2), Sydney	99.2 [3]
Allianz Real Estate Trust III (1), Sydney	97.9 [3]
Allianz Real Estate Trust III (2), Sydney	97.9 [3]
Allianz Reinsurance America Inc., Los Angeles, CA	100.0
Allianz Renewable Energy Fund III GP SCSp, Senningerberg	100.0
Allianz Renewable Energy Fund III Lux GP S.à r.l., Senningerberg	100.0
Allianz Renewable Energy Fund Management 1 Ltd., London	100.0
Allianz Renewable Energy Management AT GmbH, Pottenbrunn	100.0
Allianz Renewable Energy Management AT II GmbH, Pottenbrunn	100.0
Allianz Renewable Energy Partners I LP, London	100.0
Allianz Renewable Energy Partners II Limited, London	100.0
Allianz Renewable Energy Partners III LP, London	99.3
Allianz Renewable Energy Partners IV Limited, London	99.3
Allianz Renewable Energy Partners IX Limited, London	99.2
Allianz Renewable Energy Partners of America 2 LLC, Wilmington, DE	100.0
Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0
Allianz Renewable Energy Partners V plc., London	100.0
Allianz Renewable Energy Partners VI Limited, London	100.0
Allianz Renewable Energy Partners VII LP, London	100.0
Allianz Renewable Energy Partners VIII Limited, London	100.0
Allianz Resilient Credit Euro Fund GP S.à r.l., Senningerberg	100.0
Allianz Resilient Credit UK GP Limited, London	100.0
Allianz Risk Consultants Inc., Los Angeles, CA	100.0
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0
Allianz Risk Transfer (UK) Limited, London	100.0
Allianz Risk Transfer AG, Schaan	100.0
Allianz Risk Transfer Inc., New York, NY	100.0
Allianz S.A. de C.V., Mexico City	100.0
Allianz S.p.A., Trieste	100.0
Allianz Saint Marc CL, Paris	100.0 [3]
Allianz Sakura Multifamily 1 Pte. Ltd., Singapore	100.0

	% owned[1]
Allianz Sakura Multifamily 2 Pte. Ltd., Singapore	100.0
Allianz Sakura Multifamily 3 Pte. Ltd., Singapore	100.0
Allianz Sakura Multifamily Lux GP S.à r.l., Luxembourg	100.0
Allianz Sakura Multifamily Lux SCSp, Luxembourg	100.0
Allianz SAS S.A.S., Bogotá D.C.	100.0
Allianz Saúde S.A., São Paulo	100.0
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	51.0
Allianz Secteur Euro Immobilier, Paris	95.2 [3]
Allianz Secteur Europe Immobilier, Paris	89.8 [3]
Allianz Sécurité, Paris	94.4 [3]
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0
Allianz Seguros S.A., São Paulo	100.0
Allianz Seguros S.A., Bogotá D.C.	100.0
Allianz Selection Alternative, Senningerberg	100.0 [3]
Allianz Selection Fixed Income, Senningerberg	100.0 [3]
Allianz Selection Small and Midcap Equity, Senningerberg	100.0 [3]
Allianz Sénégal Assurances SA, Dakar	83.4
Allianz Sénégal Assurances Vie SA, Dakar	98.5
Allianz Services (UK) Limited, London	100.0
Allianz Services Mauritius LLC, Ebene	100.0
Allianz Services Private Ltd., Trivandrum	100.0
Allianz Sigorta A.S., Istanbul	96.2
Allianz SNA s.a.l., Beirut	100.0
Allianz Sociedad Anónima A.S. Agencia de Seguros, Barcelona	100.0
Allianz Sociedade Gestora de Fundos de Pensões S.A., Lisbon	88.6
Allianz Société Financière S.à r.l., Luxembourg	100.0
Allianz South America Holding B.V., Amsterdam	100.0
Allianz Special Opportunities Alternative Fund, Milan	100.0 [3]
Allianz Strategic Investments S.à r.l., Luxembourg	100.0
Allianz Strategy Select 50, Senningerberg	50.0 [2,3]
Allianz Suisse Immobilien AG, Wallisellen	100.0
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7
Allianz Team, Paris	87.2 [3]
Allianz Team Formule 1, Paris	99.2 [3]
Allianz Technology B.V., Rotterdam	100.0
Allianz Technology (Thailand) Co. Ltd., Bangkok	100.0
Allianz Technology AG, Wallisellen	100.0
Allianz Technology GmbH, Vienna	100.0
Allianz Technology International B.V., Amsterdam	100.0
Allianz Technology of America Inc., Wilmington, DE	100.0
Allianz Technology S.C.p.A., Milan	100.0
Allianz Technology S.L., Barcelona	100.0
Allianz Technology S.p.A., Milan	100.0
Allianz Technology SAS, Paris	100.0
Allianz Tiriac Asigurari SA, Bucharest	52.2
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0
Allianz UK Credit Fund, Paris	100.0 [3]
Allianz UK Infrastructure Debt GP 2 Limited, London	100.0
Allianz UK Infrastructure Debt GP Limited, London	100.0
Allianz Ukraine LLC, Kiev	100.0

	% owned[1]
Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0
Allianz US Investment GP LLC, Wilmington, DE	100.0
Allianz US Investment LP, Wilmington, DE	100.0
Allianz US Micro Cap Equity, London	72.0 [3]
Allianz US Private Credit Solutions GP LLC, Wilmington, DE	100.0
Allianz US Private REIT GP LLC, Wilmington, DE	100.0
Allianz US Private REIT LP, Wilmington, DE	100.0
Allianz Valeurs Durables, Paris	57.9 [3]
Allianz Value S.r.l., Trieste	100.0
Allianz Vermogen B.V., Rotterdam	100.0
Allianz Vie EM Debt, Paris	100.0 [3]
Allianz Vie S.A., Paris la Défense	100.0
Allianz Vie Sub Sovereign Debt FCP, Paris	100.0 [3]
Allianz Vorsorgekasse AG, Vienna	100.0
Allianz Voyager Asia I, Senningerberg	91.0 [3]
Allianz Working Capital Fund, Senningerberg	67.5 [3]
Allianz Worldwide Partners (Hong Kong) Ltd., Hong Kong	100.0
Allianz X Euler Hermes Co-Investments S.à r.l., Luxembourg	100.0
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0
Allianz ZB d.o.o. Mandatory and Voluntary Pension Funds Management Company, Zagreb	51.0
AllianzGI Core Bond Fund, Boston, MA	80.3 [3]
AllianzGI Core Plus Bond Fund, Boston, MA	74.9 [3]
AllianzGI Floating Rate Note Fund, Boston, MA	79.6 [3]
AllianzGI Global High Yield Fund, Boston, MA	94.1 [3]
AllianzGI Global Small-Cap Opportunity Portfolio, Boston, MA	49.2 [2,3]
AllianzGI Preferred Securities and Income Fund, Boston, MA	64.7 [3]
AllianzGI Renewable Energy Infrastructure Fund III (US) GP LLC, Wilmington, DE	100.0
AllianzGI Short Term Bond Fund, Boston, MA	40.2 [2,3]
AllianzGI Structured Alpha Large Cap Equity 350 GP LLC, Wilmington, DE	100.0
AllianzGI US Private Credit Solutions GP II LLC, Wilmington, DE	100.0
Allianz-Slovenská DSS a.s., Bratislava	100.0
Allianz-Slovenská poist'ovňa a.s., Bratislava	99.6
Alma S.r.l., Bologna	100.0
American Automobile Insurance Company Corp., Earth City, MO	100.0
American Financial Marketing LLC, St. Louis Park, MN	100.0
Ann Arbor Annuity Exchange LLC, Plymouth, MI	100.0
APEH Europe VI, Paris	99.6 [3]
APK US Investment GP LLC, Wilmington, DE	100.0
APK US Investment LP, Wilmington, DE	100.0
APKV US Private REIT GP LLC, Wilmington, DE	100.0
APKV US Private REIT LP, Wilmington, DE	100.0
APP Broker S.r.l., Trieste	100.0
Appia Investments S.r.l., Milan	57.6
Arcalis Retraite S.A., Paris la Défense	100.0
Arges Investments I N.V., Amsterdam	100.0
Arges Investments II N.V., Amsterdam	100.0
Asit Services S.R.L., Bucharest	100.0
Assistance Courtage d'Assurance et de Réassurance S.A., Courbevoie	100.0
Associated Indemnity Corporation, Los Angeles, CA	100.0
Assurances Médicales SA, Metz	100.0
atpacvc LLC, Wilmington, DE	100.0

	% owned[1]
atpacvc Ltd., London	100.0
Auriga MF GK, Tokyo	99.0
Avip Actions 60, Paris	100.0 [3]
Avip Top Croissance, Paris	99.4 [3]
Avip Top Harmonie, Paris	99.3 [3]
Avip Top Tempéré, Paris	98.4 [3]
AVS Automotive VersicherungsService GmbH, Vienna	100.0
AWP Argentina S.A., Buenos Aires	100.0
AWP Assistance (India) Private Limited, Gurgaon	100.0
AWP Assistance Ireland Limited, Dublin	100.0
AWP Assistance Service España S.A., Madrid	100.0
AWP Assistance UK Ltd., London	100.0
AWP Australia Holdings Pty Ltd., Toowong	100.0
AWP Australia Pty Ltd., Toowong	100.0
AWP Austria GmbH, Vienna	100.0
AWP Brokers & Services Hellas S.A., Athens	100.0
AWP Business Services Co. Ltd., Beijing	100.0
AWP Chile Limitada, Santiago	100.0
AWP Colombia SAS, Bogotá D.C.	100.0
AWP Contact Center Italia S.r.l., Milan	100.0
AWP France SAS, Saint-Ouen	95.0
AWP Health & Life S.A., Saint-Ouen	100.0
AWP Health & Life Services Limited, Dublin	100.0
AWP Japan Co. Ltd., Tokyo	100.0
AWP MEA Holdings Co. W.L.L., Manama	100.0
AWP Mexico S.A. de C.V., Mexico City	100.0
AWP P&C S.A., Saint-Ouen	100.0
AWP Polska Sp. z o.o., Warsaw	100.0
AWP Réunion SAS, Saint-Denis	100.0
AWP RUS LLC, Moscow	100.0
AWP Service Brasil Ltda., São Bernardo do Campo	100.0
AWP Services (India) Private Limited, Gurgaon	100.0
AWP Services (Thailand) Co. Ltd., Bangkok	97.6
AWP Services Belgium S.A., Brussels	100.0
AWP Services New Zealand Limited, Auckland	100.0
AWP Services NL B.V., Amsterdam	100.0
AWP Services Sdn. Bhd., Kuala Lumpur	100.0
AWP Services Singapore Pte. Ltd., Singapore	100.0
AWP Servicios Mexico S.A. de C.V., Mexico City	100.0
AWP Servis Hizmetleri A.S., Istanbul	97.0
AWP Solutions CR a SR s.r.o., Prague	100.0
AWP Ticket Guard Small Amount & Short Term Insurance Co. Ltd., Tokyo	100.0
AWP USA Inc., Richmond, VA	100.0
AZ Euro Investments II S.à r.l., Luxembourg	100.0
AZ Euro Investments S.A., Luxembourg	100.0
AZ Jupiter 10 B.V., Amsterdam	100.0
AZ Jupiter 11 B.V., Amsterdam	97.8
AZ Jupiter 8 B.V., Amsterdam	100.0
AZ Jupiter 9 B.V., Amsterdam	100.0
AZ Real Estate GP LLC, New York, NY	100.0
AZ Servisni centar d.o.o., Zagreb	100.0
AZ Vers US Private REIT GP LLC, Wilmington, DE	100.0
AZ Vers US Private REIT LP, Wilmington, DE	100.0
AZGA Insurance Agency Canada Ltd., Kitchener, ON	100.0
AZGA Service Canada Inc., Kitchener, ON	55.0
AZL PF Investments Inc., Minneapolis, MN	100.0
AZOA Services Corporation, New York, NY	100.0
AZWP Services Portugal Lda., Lisbon	100.0

	% owned[1]
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0
Beykoz Gayrimenkul Yatirim Insaat Turizm Sanayi ve Ticaret A.S., Ankara	100.0
Bilan Services S.N.C., Nanterre	66.0
Biuro Informacji Gospodarczej Euler Hermes S.A., Warsaw	100.0
Borgo San Felice S.r.l., Castelnuovo Berardenga	100.0
BPS Brindisi 211 S.r.l., Lecce	100.0
BPS Brindisi 213 S.r.l., Lecce	100.0
BPS Brindisi 222 S.r.l., Lecce	100.0
BPS Mesagne 214 S.r.l., Lecce	100.0
BPS Mesagne 215 S.r.l., Lecce	100.0
BPS Mesagne 216 S.r.l., Lecce	100.0
BPS Mesagne 223 S.r.l., Lecce	100.0
BPS Mesagne 224 S.r.l., Lecce	100.0
Brasil de Imóveis e Participações Ltda., São Paulo	100.0
BRAVO II CIV LLC, Wilmington, DE	100.0
BRAVO III CIV LLC, Wilmington, DE	100.0
British Reserve Insurance Co. Ltd., Guildford	100.0
Brobacken Nät AB, Stockholm	100.0
BSMC (Thailand) Limited, Bangkok	100.0
Buddies Enterprises Limited, Guildford	100.0
Calobra Investments Sp. z o.o., Warsaw	100.0
Calypso S.A., Paris la Défense	100.0
Candid Web Assets Ltd., Bristol	100.0
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0
Caroline Berlin S.C.S., Luxembourg	93.2
Cassiopeia 1 Shirokane Takanawa GK, Tokyo	100.0
Cassiopeia 10 La façade GK, Tokyo	100.0
Cassiopeia 11 Isogodai GK, Tokyo	100.0
Cassiopeia 12 Nishi-Shinjuku III GK, Tokyo	100.0
Cassiopeia 13 Kagurazaka I GK, Tokyo	100.0
Cassiopeia 14 Kagurazaka II GK, Tokyo	100.0
Cassiopeia 15 Komazawa Univ. II GK, Tokyo	100.0
Cassiopeia 16 Shoin Jinja GK, Tokyo	100.0
Cassiopeia 17 Koishikawa GK, Tokyo	100.0
Cassiopeia 18 Hachimanyama I GK, Tokyo	100.0
Cassiopeia 19 Hachimanyama II GK, Tokyo	100.0
Cassiopeia 2 Kameido II GK, Tokyo	100.0
Cassiopeia 20 Nakano Sakaue GK, Tokyo	100.0
Cassiopeia 21 Koishikawa GK, Tokyo	100.0
Cassiopeia 22 Kuramae GK, Tokyo	100.0
Cassiopeia 23 Higashi Shinjuku GK, Tokyo	100.0
Cassiopeia 24 Akebonobashi GK, Tokyo	100.0
Cassiopeia 25 Gotokuji GK, Tokyo	100.0
Cassiopeia 26 Shoin Jinja II GK, Tokyo	100.0
Cassiopeia 27 Sakura Shinmachi GK, Tokyo	100.0
Cassiopeia 28 Kasugacho GK, Tokyo	100.0
Cassiopeia 29 Shin Egota GK, Tokyo	100.0
Cassiopeia 3 Joshin GK, Tokyo	100.0
Cassiopeia 30 Yuhigaoka GK, Tokyo	100.0
Cassiopeia 31 Felt 627 GK, Tokyo	100.0
Cassiopeia 32 Sunadabashi I GK, Tokyo	100.0
Cassiopeia 33 Sunadabashi II GK, Tokyo	100.0
Cassiopeia 34 Shirokanedai GK, Tokyo	100.0
Cassiopeia 35 Kamikitazawa GK, Tokyo	100.0
Cassiopeia 36 Nishiikebukuro GK, Tokyo	100.0
Cassiopeia 37 Takanawa GK, Tokyo	100.0
Cassiopeia 38 Shinsakae GK, Tokyo	100.0

	% owned[1]
Cassiopeia 39 Glanz GK, Tokyo	100.0
Cassiopeia 4 Nishimagome GK, Tokyo	100.0
Cassiopeia 40 Kinembashi GK, Tokyo	100.0
Cassiopeia 41 Imaike GK, Tokyo	100.0
Cassiopeia 42 Kyudai Gakkentoshi Ekimae GK, Tokyo	100.0
Cassiopeia 43 Kobe Sannomiya II GK, Tokyo	100.0
Cassiopeia 44 Koenji GK, Tokyo	100.0
Cassiopeia 45 Mejiro GK, Tokyo	100.0
Cassiopeia 46 Shinsakae III GK, Tokyo	100.0
Cassiopeia 47 Nagoya Sakae GK, Tokyo	100.0
Cassiopeia 48 Meinohama GK, Tokyo	100.0
Cassiopeia 49 Shinkawa GK, Tokyo	100.0
Cassiopeia 5 Nipponbashi GK, Tokyo	100.0
Cassiopeia 50 Morishita II GK, Tokyo	100.0
Cassiopeia 51 Higashiueno GK, Tokyo	100.0
Cassiopeia 52 Takanodai GK, Tokyo	100.0
Cassiopeia 53 Residence Sakaisujihonmachi GK, Tokyo	100.0
Cassiopeia 54 Residence Awaza GK, Tokyo	100.0
Cassiopeia 55 Nihombashi Bakurocho GK, Tokyo	100.0
Cassiopeia 56 Ikebukuro GK, Tokyo	100.0
Cassiopeia 57 Kinshicho GK, Tokyo	100.0
Cassiopeia 58 Minami Aoyama GK, Tokyo	100.0
Cassiopeia 59 Shinsakae IV GK, Tokyo	100.0
Cassiopeia 6 Nishihonmachi GK, Tokyo	100.0
Cassiopeia 60 Yakuin GK, Tokyo	100.0
Cassiopeia 61 Hakata GK, Tokyo	100.0
Cassiopeia 62 Azabudai GK, Tokyo	100.0
Cassiopeia 63 Ginza GK, Tokyo	100.0
Cassiopeia 64 Nihombashi Kakigaracho GK, Tokyo	100.0
Cassiopeia 65 Hatagaya GK, Tokyo	100.0
Cassiopeia 66 Iriya GK, Tokyo	100.0
Cassiopeia 67 Itabashi North GK, Tokyo	100.0
Cassiopeia 68 Shimurasakaue GK, Tokyo	100.0
Cassiopeia 69 Nakano East GK, Tokyo	100.0
Cassiopeia 7 Kamimaedu GK, Tokyo	100.0
Cassiopeia 70 Shinmachi Residence GK, Tokyo	100.0
Cassiopeia 71 Ishizuecho GK, Tokyo	100.0
Cassiopeia 72 Sasaguchi GK, Tokyo	100.0
Cassiopeia 73 Niigata GK, Tokyo	100.0
Cassiopeia 74 Joanna GK, Tokyo	100.0
Cassiopeia 75 Sayama GK, Tokyo	100.0
Cassiopeia 76 Hachioji GK, Tokyo	100.0
Cassiopeia 77 Honchiba GK, Tokyo	100.0
Cassiopeia 78 Maison Flora GK, Tokyo	100.0
Cassiopeia 79 Temmabashi GK, Tokyo	100.0
Cassiopeia 8 Aoi GK, Tokyo	100.0
Cassiopeia 80 WillDo Sakaisuji Hommachi GK, Tokyo	100.0
Cassiopeia 81 Shin-Osaka GK, Tokyo	100.0
Cassiopeia 82 Cube Awaza GK, Tokyo	100.0
Cassiopeia 9 Chikusa GK, Tokyo	100.0
Castle Field Limited, Hong Kong	100.0
Central Shopping Center a.s., Bratislava	100.0
Centrale Photovoltaique de Saint Marcel sur Aude SAS, Versailles	100.0
Centrale Photovoltaique de Valensole SAS, Versailles	100.0
CEPE de Bajouve S.à r.l., Versailles	100.0
CEPE de Haut Chemin S.à r.l., Versailles	100.0
CEPE de la Baume S.à r.l., Versailles	100.0

	% owned[1]
CEPE de la Forterre S.à r.l., Versailles	100.0
CEPE de Langres Sud S.à r.l., Versailles	100.0
CEPE de Mont Gimont S.à r.l., Versailles	100.0
CEPE de Sambres S.à r.l., Versailles	100.0
CEPE de Vieille Carrière S.à r.l., Versailles	100.0
CEPE des Portes de la Côte d'Or S.à r.l., Versailles	100.0
CEPE du Blaiseron S.à r.l., Versailles	100.0
CEPE du Bois de la Serre S.à r.l., Versailles	100.0
Chicago Insurance Company Corp., Chicago, IL	100.0
CIC Allianz Insurance Ltd., Sydney	100.0
Citizen Capital Impact Initiative, Paris	100.0 [3]
Climmolux Holding SA, Luxembourg	100.0
Club Marine Limited, Sydney	100.0
COF II CIV LLC, Wilmington, DE	100.0
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8
Compañía Colombiana de Servicio Automotriz S.A., Bogotá D.C.	100.0
Consultatio Renta Mixta F.C.I., Buenos Aires	100.0 [3]
Corn Investment Ltd., London	100.0
Corsetec Assessoria e Corretagem de Seguros Ltda., São Paulo	100.0
Cova Beijing Zpark Investment Pte. Ltd., Singapore	98.0
CPRN Thailand Ltd., Bangkok	100.0
Creactif Allocation, Paris	100.0 [3]
CreditRas Assicurazioni S.p.A., Milan	50.0 [2]
CreditRas Vita S.p.A., Milan	50.0 [2]
Darta Saving Life Assurance dac, Dublin	100.0
Deeside Investments Inc., Wilmington, DE	50.1
Delta Technical Services Ltd., London	100.0
Demand Side Media Ltd., Bristol	100.0
Diamond Point a.s., Prague	100.0
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0
EF Solutions LLC, Wilmington, DE	100.0
Eff siebzigdrei Beteiligungsverwaltung GmbH, Vienna	100.0
Eiger Institutional Fund, Basel	100.0 [3]
Elite Prize Limited, Hong Kong	100.0
ELVIA eInvest AG, Wallisellen	100.0
Energie Eolienne Lusanger S.à r.l., Versailles	100.0
Eolica Erchie S.r.l., Lecce	100.0
EP Tactical GP LLC, Wilmington, DE	100.0
Etablissements J. Moneger SA, Dakar	100.0
Euler Hermes 39 Ouest, Paris la Défense	100.0 [3]
Euler Hermes Acmar SA, Casablanca	55.0
Euler Hermes Acmar Services SARL, Casablanca	100.0
Euler Hermes Asset Management France S.A., Paris la Défense	100.0
Euler Hermes Australia Pty Limited, Sydney	100.0
Euler Hermes Canada Services Inc., Montreal, QC	100.0
Euler Hermes Collections North America Company, Owings Mills, MD	100.0
Euler Hermes Collections Sp. z o.o., Warsaw	100.0
Euler Hermes Consulting (Shanghai) Co. Ltd., Shanghai	100.0
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0
Euler Hermes Digital Ventures OPCVM, Paris la Défense	100.0 [3]
Euler Hermes Emporiki Services Ltd., Athens	100.0
Euler Hermes Excess North America LLC, Owings Mills, MD	100.0
Euler Hermes Group SA, Paris la Défense	100.0

	% owned[1]
Euler Hermes Hong Kong Service Limited, Hong Kong	100.0
Euler Hermes Intermediary Agency S.r.l., Milan	100.0
Euler Hermes Japan Services Ltd., Tokyo	100.0
Euler Hermes Korea Non-life Broker Company Limited, Seoul	100.0
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0
Euler Hermes Magyar Követeleskezelö Kft., Budapest	100.0
Euler Hermes New Zealand Limited, Auckland	100.0
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0
Euler Hermes North America Insurance Company Inc., Owings Mills, MD	100.0
Euler Hermes Patrimonia SA, Brussels	100.0
Euler Hermes Ré SA, Luxembourg	100.0
Euler Hermes Real Estate SPPICAV, Paris la Défense	60.0
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0
Euler Hermes Reinsurance AG, Wallisellen	100.0
Euler Hermes Risk Yönetimi A.S., Istanbul	100.0
Euler Hermes S.A., Brussels	100.0
Euler Hermes Seguros S.A., São Paulo	100.0
Euler Hermes Service AB, Stockholm	100.0
Euler Hermes Services B.V., 's-Hertogenbosch	100.0
Euler Hermes Services Belgium S.A., Brussels	100.0
Euler Hermes Services Bulgaria EOOD, Sofia	100.0
Euler Hermes Services Ceská republika s.r.o., Prague	100.0
Euler Hermes Services G.C.C. Limited, Dubai	100.0
Euler Hermes Services India Private Limited, Mumbai	100.0
Euler Hermes Services Ireland Limited, Dublin	100.0
Euler Hermes Services Italia S.r.l., Rome	100.0
Euler Hermes Services North America LLC, Owings Mills, MD	100.0
Euler Hermes Services Romania S.R.L., Bucharest	100.0
Euler Hermes Services S.A.S., Paris la Défense	100.0
Euler Hermes Services Schweiz AG, Wallisellen	100.0
Euler Hermes Services Slovensko s.r.o., Bratislava	100.0
Euler Hermes Services South Africa Ltd., Johannesburg	100.0
Euler Hermes Services Tunisia S.à r.l., Tunis	100.0
Euler Hermes Services UK Limited, London	100.0
Euler Hermes Serviços de Gestão de Riscos Ltda., São Paulo	100.0
Euler Hermes Sigorta A.S., Istanbul	100.0
Euler Hermes Singapore Services Pte. Ltd., Singapore	100.0
Euler Hermes South Express S.A., Brussels	100.0
Euler Hermes Taiwan Services Limited, Taipei	100.0
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0
Eurl 20/22 Le Peletier, Paris la Défense	100.0
Eurosol Invest S.r.l., Udine	100.0
FCP Allianz Africa Equity WAEMU, Abidjan	100.0 [3]
FCP LBPAM IDR, Paris	100.0 [3]
FCPI InnovAllianz 2, Paris	100.0 [3]
FCT CIMU 92, Pantin	100.0 [3]
FCT Rocade L2 Marseille, Paris	100.0 [3]
Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0
Ferme Eolienne de Villemur-sur-Tarn S.à r.l., Versailles	100.0

	% owned[1]
Ferme Eolienne des Jaladeaux S.à r.l., Versailles	100.0
Financière Callisto SAS, Paris la Défense	100.0
Finanzen France SAS, Paris	100.0
FinOS Technology Holding Pte. Ltd., Singapore	100.0
FinOS Technology Malaysia Sdn. Bhd., Kuala Lumpur	100.0
FinOS Technology Vietnam Single-Member Limited Liability Company, Ho Chi Minh City	100.0
Fireman's Fund Financial Services LLC, Dallas, TX	100.0
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0
Fireman's Fund Insurance Company Corp., Los Angeles, CA	100.0
Flying Desire Limited, Hong Kong	100.0
Fondo Chiuso Allianz Infrastructure Partners I, Milan	100.0 [3]
Foshan Geluo Storage Services Co. Ltd., Foshan	100.0
FPCI APEH Europe VII, Paris	100.0 [3]
Fragonard Assurance S.A., Paris	100.0
Franklin S.C.S., Luxembourg	94.5
Friederike MLP S.à r.l., Luxembourg	100.0
Fu An Management Consulting Co. Ltd., Beijing	1.0 [2]
Fusion Company Inc., Richmond, VA	100.0
Gaipare Action, Paris	100.0 [3]
Galore Expert Limited, Hong Kong	100.0
GamePlan Financial Marketing LLC, Woodstock, GA	100.0
Generation Vie S.A., Courbevoie	52.5
Genialloyd S.p.A., Milan	100.0
Gestion de Téléassistance et de Services S.A., Châtillon	100.0
GIE Euler Hermes SFAC Services, Paris la Défense	100.0
Glärnisch Institutional Fund, Basel	100.0 [3]
Global Azawaki S.L., Madrid	100.0
Global Carena S.L., Madrid	100.0
Global Transport & Automotive Insurance Solutions Pty Limited, Sydney	81.0
Great Lake Funding I LP, Wilmington, DE	100.0 [3]
Grupo Multiasistencia S.A., Madrid	100.0
Gurtin Fixed Income Management LLC, Dover, DE	100.0
Harro Development Praha s.r.o., Prague	100.0
Hauteville Insurance Company Limited, St Peter Port	100.0
Havelaar & van Stolk B.V., Rotterdam	100.0
Helviass Verzekeringen B.V., Rotterdam	100.0
Highway Group Services Limited, Bournemouth	100.0
Highway Insurance Company Limited, Guildford	100.0
Highway Insurance Group Limited, Guildford	100.0
Home & Legacy Insurance Services Limited, Guildford	100.0
Humble Bright Limited, Hong Kong	100.0
Hunter Premium Funding Ltd., Sydney	100.0
ICON Immobilien GmbH & Co. KG, Vienna	100.0
ICON Inter GmbH & Co. KG, Vienna	100.0
IEELV GP S.à r.l., Luxembourg	100.0
Immovalor Gestion S.A., Paris la Défense	100.0
ImWind AO GmbH & Co. KG, Pottenbrunn	100.0
ImWind GHW GmbH & Co. KG, Pottenbrunn	100.0
ImWind Loidesthal GmbH & Co. KG, Pottenbrunn	100.0
ImWind PDV GmbH & Co. KG, Pottenbrunn	100.0
ImWind PL GmbH & Co. KG, Pottenbrunn	100.0
Inforce Solutions LLC, Woodstock, GA	100.0
InnovAllianz, Paris	99.6 [3]

	% owned[1]
Insurance CJSC "Medexpress", Saint Petersburg	100.0
Intermediass S.r.l., Milan	100.0
Interstate Fire & Casualty Company, Chicago, IL	100.0
Investitori Logistic Fund, Milan	100.0
Investitori Real Estate Fund, Milan	100.0 [3]
Investitori SGR S.p.A., Milan	100.0
Järvsö Sörby Vindkraft AB, Danderyd	100.0
JCR Intertrade Co. Ltd., Bangkok	40.0 [2]
Jefferson Insurance Company Corp., New York, NY	100.0
Joukhaisselän Tuulipuisto Oy, Oulu	100.0
Jouttikallio Wind Oy, Kotka	100.0
JSC Insurance Company Allianz, Moscow	100.0
JUSTIS GmbH, Etoy	100.0
KAIGO Hi-Tech Development (Beijing) Co. Ltd., Beijing	100.0
KaiLong Greater China Real Estate Fund II S.C.Sp., Luxembourg	100.0
Ken Tame & Associates Pty Ltd., Sydney	100.0
Kensington Fund, Milan	100.0
Keyeast Pte. Ltd., Singapore	100.0
Kiinteistöosakeyhtiö Eteläesplanadi 2 Oy, Helsinki	100.0
KLGCREF II Holdco Pte. Ltd., Singapore	100.0
Kohlenberg & Ruppert Premium Properties S.à r.l., Luxembourg	100.0
Kuolavaara-Keulakkopään Tuulipuisto Oy, Oulu	100.0
La Rurale SA, Courbevoie	99.9
LAD Energy GmbH & Co. KG, Pottenbrunn	100.0
Legal & General Distribution Services Limited, Guildford	100.0
Legal & General Insurance Limited, Guildford	100.0
Lincoln Infrastructure USA Inc., Wilmington, DE	100.0
Liverpool Victoria General Insurance Group Limited, Guildford	100.0
Liverpool Victoria Insurance Company Limited, Guildford	100.0
LLC "Euler Hermes Credit Management", Moscow	100.0
LLC "IC Euler Hermes Ru", Moscow	100.0
LLC "Medexpress-service", Saint Petersburg	100.0
LLC "Progress-Med", Moscow	100.0
LLC "Risk Audit", Moscow	100.0
LV Assistance Services Limited, Guildford	100.0
LV Insurance Management Limited, Guildford	100.0
LV Repair Services Limited, Guildford	100.0
Maevaara Vind 2 AB, Stockholm	100.0
Maevaara Vind AB, Stockholm	100.0
MAF SALP SAS, Saint-Ouen	100.0
Medi24 AG, Bern	100.0
Medicount (Private) Limited, Islamabad	100.0
MediCount Global Ltd., Ebene	71.6
Medicount Healthcare Private Limited, Bangalore	100.0
Mindseg Corretora de Seguros Ltda., São Bernardo do Campo	100.0
Mombyasen Wind Farm AB, Halmstad	100.0
Morningchapter S.A., Grandaços	100.0
Multiasistencia S.A., Madrid	100.0
Multiassistance Luxembourg S.à r.l., Luxembourg	100.0
Multiassistance S.A., Paris	100.0
Multimags - Multiassistência e Gestão de Sinistros, Unipessoal Lda., Lisbon	100.0
National Surety Corporation, Chicago, IL	100.0
Neoasistencia Manoteras S.L., Madrid	100.0
Nextcare Bahrain Ancillary Services Company B.S.C., Manama	100.0

	% owned[1]
NEXtCARE Claims Management LLC, Dubai	100.0
NEXtCARE Egypt LLC, New Cairo	100.0
NEXtCARE Lebanon SAL, Beirut	100.0
NEXtCARE Tunisie LLC, Tunis	100.0
Northstar Mezzanine Partners VI U.S. Feeder II L.P., Dover, DE	100.0 [3]
Ontario Limited, Toronto, ON	100.0
OPCI Allianz France Angel, Paris la Défense	100.0
Orion MF TMK, Tokyo	100.0
Orione PV S.r.l., Milan	100.0
Orsa Maggiore PV S.r.l., Milan	100.0
Orsa Minore PV S.r.l., Milan	100.0
Pacific Investment Management Company LLC, Dover, DE	95.4
PAF GP S.à r.l., Luxembourg	100.0
Parc Eolien de Bonneuil S.à r.l., Versailles	100.0
Parc Eolien de Bruyère Grande SAS, Versailles	100.0
Parc Eolien de Chaourse SAS, Versailles	100.0
Parc Eolien de Chateau Garnier SAS, Versailles	100.0
Parc Eolien de Croquettes SAS, Versailles	100.0
Parc Eolien de Dyé SAS, Versailles	100.0
Parc Eolien de Fontfroide SAS, Versailles	100.0
Parc Eolien de Forge SAS, Versailles	100.0
Parc Eolien de la Sole du Bois SAS, Paris	100.0
Parc Eolien de Longchamps SAS, Versailles	100.0
Parc Eolien de Ly-Fontaine SAS, Versailles	100.0
Parc Eolien de Pliboux SAS, Versailles	100.0
Parc Eolien de Remigny SAS, Versailles	100.0
Parc Eolien des Barbes d´Or SAS, Versailles	100.0
Parc Eolien des Joyeuses SAS, Versailles	100.0
Parc Eolien des Mistandines SAS, Paris	100.0
Parc Eolien des Quatre Buissons SAS, Paris	100.0
Parc Eolien du Bois Guillaume SAS, Paris	100.0
Parc Eolien Les Treize SAS, Paris	100.0
PCRED CIV LLC, Wilmington, DE	100.0
Pet Plan Ltd., Guildford	100.0
PFP Holdings Inc., Dover, DE	100.0
PGA Global Services LLC, Dover, DE	100.0
PGREF V 1301 Sixth Investors I LLC, Wilmington, DE	100.0
PGREF V 1301 Sixth Investors I LP, Wilmington, DE	100.0
PIMCO (Schweiz) GmbH, Zurich	100.0
PIMCO Asia Ltd., Hong Kong	100.0
PIMCO Asia Pte Ltd., Singapore	100.0
PIMCO Australia Management Limited, Sydney	100.0
PIMCO Australia Pty Ltd., Sydney	100.0
PIMCO BRAVO III Offshore GP L.P., George Town	100.0
PIMCO BRAVO III Offshore GP Ltd., George Town	100.0
PIMCO Canada Corp., Toronto, ON	100.0
PIMCO Climate Bond Fund, Boston, MA	99.5 [3]
PIMCO COF II LLC, Wilmington, DE	100.0
PIMCO COF III Offshore GP Ltd., George Town	100.0
PIMCO Europe Ltd., London	100.0
PIMCO Flexible Bond Fundo de Investimento Em Cotas de Fundo de Investimento Multimercado Investimento no Exterior, Rio de Janeiro	100.0 [3]
PIMCO GIS Emerging Markets Opportunities Fund, Dublin	86.5 [3]
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0
PIMCO Global Advisors (Luxembourg) S.A., Luxembourg	100.0
PIMCO Global Advisors (Resources) LLC, Dover, DE	100.0

	% owned[1]
PIMCO Global Advisors LLC, Dover, DE	100.0
PIMCO Global Financials Credit FIC FIM IE, Rio de Janeiro	54.0 [3]
PIMCO Global Holdings LLC, Dover, DE	100.0
PIMCO GP I Canada Corporation, Toronto, ON	100.0
PIMCO GP I LLC, Wilmington, DE	100.0
PIMCO GP II S.à r.l., Luxembourg	100.0
PIMCO GP III LLC, Wilmington, DE	100.0
PIMCO GP IV S.à r.l., Luxembourg	100.0
PIMCO GP IX LLC, Wilmington, DE	100.0
PIMCO GP S.à r.l., Luxembourg	100.0
PIMCO GP V LLC, Wilmington, DE	100.0
PIMCO GP VII LLC, Wilmington, DE	100.0
PIMCO GP X LLC, Wilmington, DE	100.0
PIMCO GP XI LLC, Wilmington, DE	100.0
PIMCO GP XII LLC, Wilmington, DE	100.0
PIMCO GP XIII LLC, Wilmington, DE	100.0
PIMCO GP XIV LLC, Wilmington, DE	100.0
PIMCO GP XIX LLC, Wilmington, DE	100.0
PIMCO GP XV LLC, Wilmington, DE	100.0
PIMCO GP XVI LLC, Wilmington, DE	100.0
PIMCO GP XVII LLC, Wilmington, DE	100.0
PIMCO GP XVIII LLC, Wilmington, DE	100.0
PIMCO GP XX LLC, Wilmington, DE	100.0
PIMCO GP XXI-C LLC, Wilmington, DE	100.0
PIMCO GP XXII LLC, Wilmington, DE	100.0
PIMCO GP XXIII Ltd., George Town	100.0
PIMCO GP XXIV LLC, Wilmington, DE	100.0
PIMCO GP XXIX LLC, Wilmington, DE	100.0
PIMCO GP XXV LLC, Wilmington, DE	100.0
PIMCO GP XXVI LLC, Wilmington, DE	100.0
PIMCO GP XXVII LLC, Wilmington, DE	100.0
PIMCO GP XXVIII LLC, Wilmington, DE	100.0
PIMCO GP XXX LLC, Wilmington, DE	100.0
PIMCO GP XXXI LLC, Wilmington, DE	100.0
PIMCO Investment Management (Shanghai) Limited, Shanghai	100.0
PIMCO Investments LLC, Dover, DE	100.0
PIMCO Japan Ltd., Road Town	100.0
PIMCO Latin America Administradora de Carteiras Ltda., Rio de Janeiro	100.0
PIMCO RAE Fundamental US Fund, Dublin	86.6 [3]
PIMCO RAFI Dynamic Multi-Factor Emerging Markets Equity Fund, Dublin	100.0 [3]
PIMCO RAFI Dynamic Multi-Factor Europe Equity Fund, Dublin	100.0 [3]
PIMCO RAFI Dynamic Multi-Factor Global Developed Equity Fund, Dublin	100.0 [3]
PIMCO RAFI Dynamic Multi-Factor U.S. Equity Fund, Dublin	100.0 [3]
PIMCO REALPATH Blend 2060 Fund, Boston, MA	100.0 [3]
PIMCO REIT Management LLC, Wilmington, DE	100.0
PIMCO Services LLC, Dover, DE	100.0
PIMCO StocksPLUS AR Fund, Dublin	100.0 [3]
PIMCO Taiwan Ltd., Taipei	100.0
PIMCO-World Bank Gemloc Fund S.A., Luxembourg	100.0 [3]
POD Allianz Bulgaria AD, Sofia	65.9
Primacy Underwriting Management Limited, Wellington	100.0
Primacy Underwriting Management Pty Ltd., Melbourne	100.0
Promultitravaux SAS, Paris	100.0

	% owned[1]
Prosperaz Fundo de Investimento Renda Fixa Crédito Privado, São Paulo	100.0 [3]
Protexia France S.A., Paris la Défense	100.0
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8
PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	97.8
PT Blue Dot Services, Jakarta	100.0
PTE Allianz Polska S.A., Warsaw	100.0
Q 207 GP S.à r.l., Luxembourg	100.0
Q207 S.C.S., Luxembourg	94.0
Quality 1 AG, Bubikon	100.0
Questar Agency Inc., Minneapolis, MN	100.0
Questar Asset Management Inc., Ann Arbor, MI	100.0
Questar Capital Corporation, Minneapolis, MN	100.0
RAS Antares, Milan	100.0 [3]
RB Fiduciaria S.p.A., Milan	100.0
RE-AA SA, Abidjan	98.5
Real Faubourg Haussmann SAS, Paris la Défense	100.0
Real FR Haussmann SAS, Paris la Défense	100.0
Redoma 2 S.A., Luxembourg	100.0
Redoma S.à r.l., Luxembourg	100.0
Rivage Richelieu 1 FCP, Paris	100.0 [3]
Rogge Selective Global High Yield Bond, Istanbul	48.0 [2,3]
SA Carène Assurance, Paris	100.0
SA Vignobles de Larose, Saint-Laurent-Médoc	100.0
Saarenkylä Tuulipuisto Oy, Oulu	100.0
Saint-Barth Assurances S.à r.l., Saint Barthelemy	100.0
SAS 20 pompidou, Paris la Défense	100.0
SAS Allianz Etoile, Paris la Défense	100.0
SAS Allianz Forum Seine, Paris la Défense	100.0
SAS Allianz Logistique, Paris la Défense	100.0
SAS Allianz Platine, Paris la Défense	100.0
SAS Allianz Prony, Paris la Défense	100.0
SAS Allianz Rivoli, Paris la Défense	100.0
SAS Allianz Serbie, Paris la Défense	100.0
SAS Angel Shopping Centre, Paris la Défense	90.0
SAS Boutique Vignoble de Larose, Saint-Laurent-Médoc	100.0
SAS Chaponnay Mérieux Logistics, Paris la Défense	100.0
SAS Madeleine Opéra, Paris la Défense	100.0
SAS Passage des princes, Paris la Défense	100.0
SAS Société d'Exploitation du Parc Eolien de Nélausa, Versailles	100.0
Sättravallen Wind Power AB, Strömstad	100.0
Saudi NEXtCARE LLC, Al Khobar	68.0
SC Tour Michelet, Paris la Défense	100.0
SCI 46 Desmoulins, Paris la Défense	100.0
SCI Allianz ARC de Seine, Paris la Défense	100.0
SCI Allianz Immobilier Durable, Paris la Défense	100.0
SCI Allianz Invest Pierre, Paris la Défense	100.0
SCI Allianz Messine, Paris la Défense	100.0
SCI Allianz Value Pierre, Paris la Défense	95.6
SCI AVIP SCPI Selection, Courbevoie	100.0
SCI ESQ, Paris la Défense	75.0
SCI Onnaing Escaut Logistics, Paris la Défense	100.0
SCI Pont D'Ain Septembre Logistics, Paris la Défense	100.0
SCI Réau Papin Logistics, Paris la Défense	100.0
SCI Stratus, Courbevoie	100.0
SCI Via Pierre 1, Paris la Défense	100.0
SDIII Energy GmbH & Co. KG, Pottenbrunn	100.0
Servicios Compartidos Multiasistencia S.L., Madrid	100.0

	% owned[1]
SIFCOM Assur S.A., Abidjan	60.0
Sigma Reparaciones S.L., Madrid	100.0
Silex Gas Norway AS, Oslo	100.0
Sirius S.A., Luxembourg	94.8
SLC "Allianz Life Ukraine", Kiev	100.0
Società Agricola San Felice S.p.A., Milan	100.0
Société de Production D'électricité D'harcourt Moulaine SAS, Versailles	100.0
Société d'Energie Eolien Cambon SAS, Versailles	100.0
Société d'Exploitation du Parc Eolien d'Aussac Vadalle SAS, Paris	100.0
Société Européenne de Protection et de Services d'Assistance à Domicile S.A., Paris	56.0
Société Foncière Européenne B.V., Amsterdam	100.0
Société Nationale Foncière S.A.L., Beirut	66.0
SOFE One Co. Ltd., Bangkok	100.0
SOFE Two Co. Ltd., Bangkok	100.0
Sofiholding S.A., Brussels	100.0
South City Office Broodthaers SA, Brussels	100.0
SpaceCo S.A., Paris	100.0
Stam Fem Gångaren 11 AB, Stockholm	100.0
Starterslening.nl B.V., Amsterdam	60.0
StocksPLUS Management Inc., Dover, DE	100.0
Taone SAS, Paris la Défense	100.0
Téléservices et Sécurité S.à r.l., Châtillon	99.9
TFI Allianz Polska S.A., Warsaw	100.0
The American Insurance Company Corp., Cincinnati, OH	100.0
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0
The MI Group Limited, Guildford	99.4
Three Pillars Business Solutions Limited, Guildford	100.0
Tihama Investments B.V., Amsterdam	100.0
toconnect GmbH, Lucerne	100.0
Top Immo A GmbH & Co. KG, Vienna	100.0
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0
Top Versicherungsservice GmbH, Vienna	100.0
Top Vorsorge-Management GmbH, Vienna	75.0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0
Trafalgar Insurance Public Limited Company, Guildford	100.0
TruChoice Financial Group LLC, Minneapolis, MN	100.0
TU Allianz Zycie Polska S.A., Warsaw	100.0
TUiR Allianz Polska S.A., Warsaw	100.0
UK Logistics GP S.à r.l., Luxembourg	100.0
UK Logistics PropCo I S.à r.l., Luxembourg	100.0
UK Logistics PropCo II S.à r.l., Luxembourg	100.0
UK Logistics PropCo III S.à r.l., Luxembourg	100.0
UK Logistics PropCo IV S.à r.l., Luxembourg	100.0
UK Logistics PropCo V S.à r.l., Luxembourg	100.0
UK Logistics S.C.Sp., Luxembourg	100.0
UP 36 SA, Brussels	100.0
Vailog Hong Kong DC17 Limited, Hong Kong	100.0
Vailog Hong Kong DC19 Limited, Hong Kong	100.0
Valderrama S.A., Luxembourg	100.0
Vanilla Capital Markets S.A., Luxembourg	100.0
VertBois S.à r.l., Luxembourg	100.0
Vet Envoy Limited, Colwyn Bay	100.0
Vigny Depierre Conseils SAS, Archamps	100.0
Viveole SAS, Versailles	100.0
Volta, Paris	100.0 [3]

	% owned[1]
Vordere Zollamtsstraße 13 GmbH, Vienna	100.0
Weihong (Shanghai) Storage Services Co. Ltd., Shanghai	100.0
Weilong (Hubei) Storage Services Co. Ltd., Ezhou	100.0
Weilong (Jiaxing) Storage Services Co. Ltd., Jiaxing	100.0
Weiyi (Shenyang) Storage Services Co. Ltd., Shenyang	100.0
Windpark AO GmbH, Pottenbrunn	100.0
Windpark EDM GmbH, Pottenbrunn	100.0
Windpark EDM GmbH & Co. KG, Pottenbrunn	100.0
Windpark GHW GmbH, Pottenbrunn	100.0
Windpark Ladendorf GmbH, Vienna	100.0
Windpark Les Cent Jalois SAS, Versailles	100.0
Windpark LOI GmbH, Pottenbrunn	100.0
Windpark PDV GmbH, Pottenbrunn	100.0
Windpark PL GmbH, Pottenbrunn	100.0
Windpark Scharndorf GmbH, Pottenbrunn	100.0
Windpark Zistersdorf GmbH, Pottenbrunn	100.0
Wm. H McGee & Co. (Bermuda) Ltd., Hamilton	100.0
Wm. H McGee & Co. Inc., New York, NY	100.0
YAO NEWREP Investments S.A., Luxembourg	94.0
Yorktown Financial Companies Inc., Minneapolis, MN	100.0
ZAD Allianz Bulgaria, Sofia	87.4
ZAD Allianz Bulgaria Zhivot, Sofia	99.0
ZAD Energia, Sofia	51.0
ZiOst Energy GmbH & Co. KG, Pottenbrunn	100.0
Non-consolidated affiliates	
Allianz Financial Services S.A., Athens	100.0
Allianz Global Corporate & Specialty SE Escritório de Representação no Brasil Ltda., Rio de Janeiro	100.0
Allianz Infrastructure Holding II Pte. Ltd., Singapore	100.0
Allianz Insurance Services Ltd., Athens	100.0
Allianz Northern Ireland Limited, Belfast	100.0
Assurance France Aviation S.A., Paris	100.0
Bibernelle erste Service GmbH, Vienna	100.0
BN Infrastruktur GmbH, St. Pölten	74.9
COGAR S.à r.l., Paris	100.0
Gesellschaft für Vorsorgeberatung AG, Wallisellen	100.0
Knightsbridge Allianz LP, Bartlesville, OK	99.5 [3]
Niederösterreichische Glasfaserinfrastrukturgesellschaft mbH, St. Pölten	100.0
nöGIG Phase Zwei GmbH, St. Pölten	100.0
Top Versicherungs-Vermittler Service GmbH, Vienna	100.0
Joint ventures	
114 Venture LP, Wilmington, DE	49.5 [7]
1515 Broadway Realty LP, Dover, DE	49.6 [7]
1800 M Street Venture LP, Wilmington, DE	42.8 [7]
30 HY WM REIT Owner LP, Wilmington, DE	49.0 [7]
53 State JV L.P., Wilmington, DE	49.0 [7]
A&A Centri Commerciali S.r.l., Milan	50.0
Allee-Center Kft., Budapest	50.0
AMLI-Allianz Investment LP, Wilmington, DE	75.0 [7]
AS Gasinfrastruktur Beteiligung GmbH, Vienna	55.6 [7]
Austin West Campus Student Housing LP, Wilmington, DE	44.7 [7]
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 [7]
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 [7]

	% owned[1]
Bajaj Allianz Financial Distributors Limited, Pune	50.0
Chapter Master Limited Partnership, London	45.5 [7]
Columbia REIT - 333 Market Street LP, Wilmington, DE	44.7 [7]
Columbia REIT-University Circle LP, Wilmington, DE	44.7 [7]
Companhia de Seguro de Créditos S.A., Lisbon	50.0
CPIC Fund Management Co. Ltd., Shanghai	49.0 [7]
CPPIC Euler Hermes Insurance Sales Co. Ltd., Shanghai	49.0 [7]
Daiwater Investment Limited, London	36.6 [7]
Dundrum Car Park GP Limited, Dublin	50.0
Dundrum Car Park Limited Partnership, Dublin	50.0
Dundrum Retail GP Designated Activity Company, Dublin	50.0
Dundrum Retail Limited Partnership, Dublin	50.0
Elton Investments S.à r.l., Luxembourg	32.6 [7]
Enhanzed Reinsurance Ltd., Hamilton	24.9 [7]
ESR India Logistics Fund Pte. Ltd., Singapore	50.0
Euromarkt Center d.o.o., Ljubljana	50.0
Fiumaranuova S.r.l., Genoa	50.1 [7]
GBTC I LP, Singapore	50.0
Hudson One Ferry JV L.P., Wilmington, DE	45.0 [7]
Israel Credit Insurance Company Ltd., Tel Aviv	50.0
Italian Shopping Centre Investment S.r.l., Milan	50.0
LBA IV-PPI Venture LLC, Dover, DE	45.0 [7]
LBA IV-PPII-Office Venture LLC, Dover, DE	45.0 [7]
LBA IV-PPII-Retail Venture LLC, Dover, DE	45.0 [7]
LPC Logistics Venture One LP, Wilmington, DE	31.7 [7]
NET4GAS Holdings s.r.o., Prague	50.0
NeuConnect Britain Ltd., London	26.2 [3,7]
NRF (Finland) AB, Västeras	50.0
NRP Nordic Logistics Fund AS, Oslo	49.5 [7]
Ophir-Rochor Commercial Pte. Ltd., Singapore	60.0 [7]
Piaf Bidco B.V., Amsterdam	23.6 [7]
Podium Fund HY REIT Owner LP, Wilmington, DE	44.3 [7]
Porterbrook Holdings I Limited, London	30.0 [7]
Previndustria - Fiduciaria Previdenza Imprenditori S.p.A., Milan	50.0
PT IndoAlliz Perkasa Sukses, Jakarta	49.0 [7]
Queenspoint S.L., Madrid	50.0
RMPA Holdings Limited, Colchester	56.0 [7]
SC Holding SAS, Paris	50.0
Scape Investment Operating Company No. 3 Pty Ltd., Sydney	50.0
Scape Investment Trust No. 3, Sydney	50.0 [3]
SCI Docks V2, Paris la Défense	50.0
SCI Docks V3, Paris la Défense	50.0
SES Shopping Center AT1 GmbH, Salzburg	50.0
SES Shopping Center FP 1 GmbH, Salzburg	50.0
Solunion Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0
Spanish Gas Distribution Investments S.à r.l., Luxembourg	40.0 [7]
SPREF II Pte. Ltd., Singapore	50.0
Tempo Multiasistencia Gestão de Rede Ltda., Barueri	50.0
Terminal Venture LP, Wilmington, DE	28.9 [7]
The FIZZ Student Housing Fund S.C.S., Luxembourg	49.5 [7]
The State-Whitehall Company LP, Dover, DE	49.9 [7]
Tokio Marine Rogge Asset Management Ltd., London	50.0
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0

	% owned[1]
Triskelion Property Holding Designated Activity Company, Dublin	50.0
Valley (III) Pte. Ltd., Singapore	41.5 [7]
VGP European Logistics 2 S.à r.l., Senningerberg	50.0
VGP European Logistics S.à r.l., Senningerberg	50.0
VISION (III) Pte Ltd., Singapore	30.0 [7]
Waterford Blue Lagoon LP, Wilmington, DE	49.0 [7]
Associates	
Allianz Centrafrique Assurances SA, Bangui	44.2
Allianz EFU Health Insurance Ltd., Karachi	49.0
Allianz Fóndika S.A. de C.V., Mexico City	26.8
Allianz France Investissement IV, Paris	73.3 [3,8]
Allianz Invest Vorsorgefonds, Vienna	28.0 [3]
Alpha Asia Macro Trends Fund III Private Limited, Singapore	27.7 [3]
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6
Areim Fastigheter 2 AB, Stockholm	23.3
Areim Fastigheter 3 AB, Stockholm	31.6
Assurcard N.V., Haasrode	20.0
Autoelektro tehnicki pregledi d.o.o., Vojnić	49.0
AWP Insurance Brokerage (Beijing) Co. Ltd., Beijing	100.0 [8]
Bajaj Allianz General Insurance Company Ltd., Pune	26.0
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0
Bazalgette Equity Ltd., London	34.3
Beacon Platform Incorporated, Wilmington, DE	26.9
Berkshire Hathaway Services India Private Limited, New Delhi	20.0
Berkshire India Private Limited, New Delhi	20.0
Best Regain Limited, Hong Kong	16.4 [8]
Blue Vista Student Housing Select Strategies Fund L.P., Dover, DE	24.9
Broker on-line de Productores de Seguros S.A., Buenos Aires	30.0
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0

	% owned[1]
Carlyle China Realty L.P., George Town	50.0 [3,8]
Carlyle China Rome Logistics L.P., George Town	38.3 [3]
CBRE Dutch Office Fund, Schiphol	26.0 [3]
Chicago Parking Meters LLC, Wilmington, DE	49.9
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9
Data Quest SAL, Beirut	36.0
Delgaz Grid S.A., Târgu Mures	30.0
Delong Limited, Hong Kong	16.4 [8]
Douglas Emmett Partnership X LP, Wilmington, DE	28.6
ERES APAC II (GP) S.à r.l., Luxembourg	30.7 [3]
European Outlet Mall Fund FCP-FIS, Luxembourg	25.9 [3]
Exeter Industrial Core Fund III LP, Wilmington, DE	30.0 [3]
Four Oaks Place LP, Wilmington, DE	49.0
Global Stream Limited, Hong Kong	16.4 [8]
Glory Basic Limited, Hong Kong	16.4 [8]
Helios Silesia Holding B.V., Amsterdam	45.0
IndInfravit Trust, Chennai	25.0
Jumble Succeed Limited, Hong Kong	16.4 [8]
Lennar Multifamily Venture LP, Wilmington, DE	11.3 [8]
Link (LRM) Limited, Hong Kong	16.4 [8]
Long Coast Limited, Hong Kong	16.4 [8]
Luxury Gain Limited, Hong Kong	16.4 [8]
Medgulf Takaful B.S.C.(c), Manama	25.0
MFM Holding Ltd., London	36.9
Milvik AB, Stockholm	34.9
Modern Diamond Limited, Hong Kong	16.4 [8]
MTech Capital Fund (EU) SCSp, Luxembourg	30.9
New Path S.A., Buenos Aires	40.0
New Try Limited, Hong Kong	16.4 [8]
Ocean Properties LLP, Singapore	20.0
OeKB EH Beteiligungs- und Management AG, Vienna	49.0
PIMCO GIS Emerging Markets Bond ESG Fund, Dublin	23.0 [3]
PIMCO ILS Fund SP I, George Town	1.0 [3,8]
PIMCO ILS Fund SP II, George Town	5.1 [3,8]
Praise Creator Limited, Hong Kong	16.4 [8]
Prime Space Limited, Hong Kong	16.4 [8]

	% owned[1]
Professional Agencies Reinsurance Limited, Hamilton	14.3 [8]
Quadgas Holdings Topco Limited, Saint Helier	13.0 [8]
Redwood Japan Logistics Fund II LP, Singapore	38.3 [3]
Residenze CYL S.p.A., Milan	33.3
SAS Alta Gramont, Paris	49.0
Scape Investment Operating Company No. 2 Pty Ltd., Sydney	50.0 [8]
Scape Investment Trust No. 2, Sydney	50.0 [3,8]
SCI Bercy Village, Paris	49.0
Sino Phil Limited, Hong Kong	16.4 [8]
SK Versicherung AG, Vienna	25.8
SNC Alta CRP Gennevilliers, Paris	49.0
SNC Alta CRP La Valette, Paris	49.0
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0
Strategic Fintech Investments S.A., Luxembourg	12.4 [8]
Summer Blaze Limited, Hong Kong	16.4 [8]
Supreme Cosmo Limited, Hong Kong	16.4 [8]
Sure Rainbow Limited, Hong Kong	16.4 [8]
Tikehau Real Estate III SPPICAV, Paris	12.2 [8]
UK Outlet Mall Partnership LP, Edinburgh	19.5 [8]
Wildlife Works Carbon LLC, San Francisco, CA	9.2 [8]

1_Percentage includes equity participations held by dependent entities in full, even if the Allianz Group's share in the dependent entity is below 100 %.
2_Classified as affiliate according to IFRS 10.
3_Investment fund.
4_Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5_Group share through indirect holder Roland Holding GmbH, Munich: 75.6 %.
6_Insolvent.
7_Classified as joint venture according to IFRS 11.
8_Classified as associate according to IAS 28.

The Allianz Group refrains from disclosure of participations which are not included in one of the above categories, as they are of minor importance for giving a true and fair view of the assets, liabilities, financial position, and profit or loss of the Allianz Group.

FURTHER INFORMATION

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Munich, 20 February 2020

Allianz SE
The Board of Management

Oliver Bäte

Sergio Balbinot

Jacqueline Hunt

Dr. Christof Mascher

Niran Peiris

Iván de la Sota

Giulio Terzariol

Dr. Günther Thallinger

Dr. Axel Theis

Renate Wagner

INDEPENDENT AUDITOR'S REPORT

To Allianz SE, Munich

Report on the audit of the consolidated financial statements and of the group management report

AUDIT OPINIONS

We have audited the consolidated financial statements of Allianz SE, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Allianz SE for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, and
– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Measurement of certain technical assets and liabilities as well as certain financial liabilities carried at fair value (level 3) in life and health insurance
❷ Measurement of certain technical provisions in property-casualty insurance

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Measurement of certain technical assets and liabilities as well as certain financial liabilities carried at fair value (Level 3) in life and health insurance

① In the consolidated financial statements of the Company, assets and liabilities of the Life and Health Insurance business segment amounting to € 19,841 mn and € 572,904 mn (2.0 % or 56.7 % of consolidated total assets) are reported under the "Deferred acquisition costs" and "Reserves for insurance and investment contracts" balance sheet items, respectively. Furthermore, financial liabilities from the life and health insurance segment amounting to € 14,246 mn (1.4% of consolidated total assets) are reported that are classified as Level 3 of the fair value hierarchy according to the requirements of IFRS 13.

These technical assets and liabilities are measured using complex actuarial methods and models based on a comprehensive process for arriving at assumptions about future developments relating to the insurance portfolios to be measured. The methods used and the actuarial assumptions determined in connection with interest rates, investment yields, mortality, invalidity, longevity, costs and future behavior of policyholders could materially affect the measurement of these technical assets and liabilities.

The financial liabilities concerned mainly include derivative financial instruments resulting from insurance contracts and are assigned to Level 3 of the fair value hierarchy as for the measurement in the underlying valuation models sufficient observable market data was not available and therefore significant unobservable inputs had to be used instead. These inputs may include data derived from approximations using, inter alia, historical data. In this context, the derivative financial instruments resulting from insurance contracts are subject to an increased valuation risk due to lower objectivity and the underlying assumptions and estimates of the executive directors.

Against this background and due to the material significance of the amounts for the assets, liabilities and financial performance of the Group and the complex process for determining the underlying assumptions and estimates of the executive directors, the measurement of these technical assets and liabilities as well as of the financial liabilities carried at fair value (Level 3) was of particular significance in the context of our audit.

② As part of our audit, we assessed the appropriateness of selected controls established by the Company for the purpose of selecting the valuation methods applied, determining assumptions and making estimates for the measurement of certain technical assets and liabilities as well as financial liabilities carried at fair value (Level 3). In doing so we evaluated, among others, the integrity of the underlying data and the process for determining the assumptions and estimates used in the valuation.

With the support of our internal valuation specialists, we have compared the respective valuation methods applied and the material assumptions with generally recognized methods and industry standards and examined to what extent these are appropriate for the valuation of technical assets and liabilities as well as financial liabilities carried at fair value (Level 3). A key point of our audit was the assessment of the liability adequacy test, the evaluation of the expected gross margins/profits, which are used, among others, as the basis for amortizing the deferred acquisition costs and the evaluation of the appropriateness of significant assumptions not observable on the market for the valuation of derivative financial instruments, such as mortality and lapse rates. Our audit also included an evaluation of the plausibility and integrity of the data and assumptions used in the valuation and of the Group's Actuarial department's reporting to the Group Reserve Committee.

Based on our audit procedures, we were able to satisfy ourselves that the methods and assumptions used by the executive directors are appropriate overall for measuring certain technical assets and liabilities as well as the financial liabilities carried at fair value (Level 3).

③ The Company's disclosures on the measurement of certain technical assets and liabilities as well as the measurement of certain financial liabilities carried at fair value (Level 3) in life and health insurance are included in sections 2 and 15 and sections 2 and 34, respectively, of the notes to the consolidated financial statements.

❷ Measurement of certain technical provisions in property-casualty insurance

① In the consolidated financial statements of the Company, technical provisions (so called "claims provisions") amounting to € 77,541 mn (7.7 % of consolidated total assets) are reported under the "Reserves for loss and loss adjustment expenses" balance sheet item. Of this amount, € 65,414 mn is attributable to the Property-Casualty Insurance business segment.

Reserves for loss and loss adjustment expenses in property-casualty insurance represent the Company's expectations regarding future payments for known and unknown claims including associated expenses. The Company uses various methods to estimate these obligations. Furthermore, the measurement of these provisions requires a significant degree of judgment by the executive directors of the Company regarding the assumptions made, such as inflation, loss developments and regulatory changes. In particular, the lines of products with low loss frequency, high individual losses or long claims settlement periods are usually subject to increased estimation uncertainties.

Due to the material significance of these provisions for the assets, liabilities and financial performance of the Group as well as the considerable scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, the measurement of the technical provisions in property-casualty insurance was of particular significance to our audit.

② As part of our audit, we evaluated the appropriateness of selected controls established by the Company for the purpose of selecting actuarial methods, determining assumptions and making estimates for the measurement of certain technical provisions in property-casualty insurance.

With the support of our property-casualty insurance valuation specialists, we have compared the respective actuarial methods applied and the material assumptions with generally recognized actuarial methods and industry standards and examined to what extent these are appropriate for the valuation. Our audit also included an evaluation of the plausibility and integrity of the data and assumptions used in the valuation and a reconstruction of the claims settlement processes. Furthermore, we recalculated the amount of the provisions for selected lines of products, in particular lines of products with large reserves or increased estimation uncertainties. For these lines of products we compared the recalculated provisions with the provisions calculated by the Company and evaluated any differences. We also examined whether any adjustments to estimates in loss reserves at Group level were adequately documented and substantiated. Our audit also included an evaluation of the Group's Actuarial department's reporting to the Group Reserve Committee.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are appropriate overall for measuring the technical provisions in property-casualty insurance.

③ The Company's disclosures on the measurement of the provisions for claims outstanding in property-casualty insurance are included in section 2 of the notes to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Other Parts of the Group Management Report" of the group management report
- the separate non-financial report pursuant to §289b Abs. 3 HGB und §315b Abs. 3 HGB

The other information comprises further the remaining parts of the group annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with §317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the supervisory board on 7 March 2019. We were engaged by the supervisory board on 13 May 2019. We have been the group auditor of the Allianz SE, Munich, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Richard Burger.

Munich, 24 February 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Julia Unkel
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT

Independent Practitioner's Report on a Reasonable Assurance Engagement on Non-financial Reporting

To Allianz SE, Munich

We have performed a reasonable assurance engagement on the combined separate non-financial report pursuant to §§ [Articles] 341a Abs. [paragraph] 1a and 341j Abs. 4 in conjunction with 289b Abs. 3 and 315b Abs. 3 HGB ["Handelsgesetzbuch": "German Commercial Code"] of Allianz SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2019 (hereinafter the "Non-financial Report").

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ["Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP"] as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1] – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER´S RESPONSIBILITY

Our responsibility is to express a reasonable assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an evaluation on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain reasonable assurance whether the Company's Non-financial Report for the period from 1 January to 31 December 2019 has been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence whether the Non-financial Report has been prepared in accordance with §§ 315c in conjunction with 289c to 289e HGB. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement.
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report.
- Evaluation of the internal control system regarding the preparation process of the Non-financial Report.
- Performance of site visits on a sample basis as part of the inspection of processes for collecting, controlling, analyzing and aggregating selected data.
- Identification of the likely risks of material misstatement of the Non-financial Report.
- Analytical evaluation of selected disclosures in the Non-financial Report.
- Obtaining an understanding of the work of external experts providing data as well as evaluation of competence, capabilities and objectivity of these external experts.
- Evaluation of the presentation of the information in the Non-financial Report.

ASSURANCE CONCLUSION

In our opinion, the Non-financial Report for the period from 1 January to 31 December 2019 has been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the reasonable assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Munich, 24 February 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Hendrik Fink
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Orientation

MULTICHANNEL REPORTING

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Download as PDF

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Allianz Investor Relations App

Apple App Store and Google Play Store

ORIENTATION GUIDE

This sign indicates where to find additional information in this Annual Report or on the internet.

Further Allianz publications

ALLIANZ SUSTAINABILITY REPORT 2019

The Allianz Group Sustainability Report "Collaborating for a Sustainable Future" covers our contribution to the environment, society and economy. It provides full details of our sustainability strategy, approach and progress in 2019 as well as an outlook for 2020.

Date of publication: 29 April 2020. www.allianz.com/sustainability

ALLIANZ PEOPLE FACT BOOK 2019

The People Fact Book is the official and most comprehensive report on our workforce facts and figures, highlighting major HR achievements over the past year and revealing the outlook for 2020.

Date of publication: March 2020. www.allianz.com/hrfactbook

GUIDELINE ON ALTERNATIVE PERFORMANCE MEASURES

Further information on the definition of our Alternative Performance Measures and their components, as well as the basis of calculation adopted: www.allianz.com/results

Financial calendar

Important dates for shareholders and analysts[1]

Annual General Meeting	6 May 2020
Financial Results 1Q	12 May 2020
Financial Results 2Q/Interim Report 6M	5 August 2020
Financial Results 3Q	6 November 2020
Financial Results 2020	19 February 2021
Annual Report 2020	5 March 2021
Annual General Meeting	5 May 2021

1 — The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.

Allianz SE – Königinstrasse 28 – 80802 Munich – Germany – Phone +49 89 3800 0 – info@allianz.com – www.allianz.com
Front page design: hw.design GmbH – Photography: Andreas Pohlmann – Typesetting: Produced in-house with SmartNotes –
Printing: G. Peschke Druckerei GmbH – Annual Report on the internet: www.allianz.com/annualreport – Date of publication: 6 March 2020
This is a translation of the German Annual Report of Allianz Group. In case of any divergences, the German original is legally binding.